Disciplinary and Other FINRA Actions

Firm Suspended, Individual Sanctioned

Matrix Capital Group, Inc. (CRD® #33364, New York, New York) and Christopher Francis Anci (CRD #2747555, Registered Principal, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $30,000 and suspended from executing any variable annuity transactions for one year, with the exception of liquidating transactions for existing customers. Before beginning to execute non-liquidating variable annuity transactions for customers, the firm shall retain an independent consultant to review and make recommendations concerning the adequacy of its supervisory and operating procedures (written and otherwise) as they relate to the matters described below, including the adequacy of its supervisory procedures relating to review of variable annuity exchanges. The firm shall provide FINRA with a written implementation report that is certified by a firm officer. Anci was fined $20,000 and suspended from association with any FINRA member in any principal capacity for one month.

Without admitting or denying the findings, the firm and Anci consented to the described sanctions and to the entry of findings that the firm did almost no business involving variable annuity products until a registered representative who concentrated in variable annuities became registered with the firm. The findings stated that the registered representative recommended that customers surrender their variable annuities and replace them with another annuity, and in each case the customer paid a surrender charge of at least $1,000. Each of the customers accepted the recommendation and engaged in the transaction. The findings also stated that these transactions caused a total of more than $70,000 in surrender charges, and most of the customers forfeited significant death and/or living benefits in the surrendered contracts. The representative recommended the customers replace their pre-existing variable annuities with new ones, select the same optional living benefit rider and underlying subaccount selection, and purchase a 6 percent bonus option. The findings also included that the representative provided the firm with switch forms that falsely guaranteed income benefit, falsely claimed a tax deferral that already existed on the surrendered product, and falsely guaranteed to lock in gains daily instead of annually. The representative wrote the same justifications for all the transactions, suggesting he was not tailoring his recommendations to each customer's financial situation and investment objectives.

Reported for February 2014

FINRA® has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

FINRA found that the firm and Anci failed to exercise reasonable supervision over the exchanges, failed to recognize or address the representative's use of the same justifications and his use of justifications not consistent with the actual product, and failed to ascertain whether he was conducting or documenting any quantitative or substantive analysis of the differences between the surrendered and acquired variable annuities, including an analysis of the benefits being surrendered that might justify the recommended transactions. Anci reviewed the switch forms only for completeness, and did not review the purported basis for the recommended exchanges or whether the exchanges were suitable for each customer. FINRA also found that Anci did not have any experience selling, reviewing or supervising variable annuity sales prior to the time the representative joined the firm. In addition, FINRA determined that although the firm hired a chief compliance officer (CCO) with experience in variable annuities, it did not assign this person to supervise the representative's variable annuity transactions, but continued to allow Anci, its president, to remain responsible for the supervision and review of variable annuity transactions.

The firm's suspension is in effect January 21, 2014, through January 20, 2015. Anci's suspension is in effect from February 3, 2014, through March 2, 2014. (**FINRA Case #2011030254901**)

Firm and Individual Fined

Integral Financial LLC (CRD #120343, San Jose, California) and Weiming Ho aka Frank Ho (CRD #2692573, Registered Principal, Cupertino, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $50,000, and required, for one year, to file with FINRA's Advertising Regulation Department at least 10 business days prior to use, all retail communications (as defined in FINRA Rule 2210) that the firm intends to use or distribute. The firm is also required within 60 days of acceptance of the AWC, to file with FINRA's Advertising Regulation Department at least 10 business days prior to use, any websites and/or Web pages that the firm has used and intends to continue to use. Ho was censured, fined $10,000, and required within one year of the acceptance of the AWC, to complete six hours of continuing education that is acceptable to FINRA regarding regulatory requirements for public communications and/or supervision, and certify in writing to FINRA that he has completed the training.

Without admitting or denying the findings, the firm and Ho consented to the described sanctions and to the entry of findings that the firm engaged in an ongoing pattern of using non-compliant public communications to promote a wide range of complex investment products, including steepener products, to its Chinese-American customer base despite prior, explicit guidance from FINRA. The findings stated that Ho was responsible for ensuring that the firm's communications with the public complied with regulatory rules, and he took an active role in the firm's creation, approval and supervision of public communications. After FINRA advised the firm that the its mixed language advertisements were misleading, the firm ceased publishing mixed language radio, television and

newspaper advertisements. However, the firm continued to disseminate non-compliant public communications on its website and in electronic communications. The findings also stated that the firm regularly received FINRA review letters that identified advertising violations in those public communications, but did not incorporate that guidance into those public communications because the firm's practice was to publish the communications without waiting to receive FINRA's letters, which consistently resulted in advertising violations. The firm did not always incorporate the guidance from FINRA into its subsequent public communications because the firm's vice president did not receive or review FINRA's letters or speak with FINRA regarding its guidance. Instead, Ho performed this function. The findings also included that Ho was responsible for supervision of the firm's websites. Ho was not aware that one of the firm's websites contained substantive content available to the public and did not understand that the firm's websites constituted retail communications and/or advertisements under advertising rules. As such, no one at the firm reviewed or pre-approved the firm's ancillary website and the firm failed to file certain Web pages with FINRA, as required.

FINRA found that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with NASD and FINRA rules regarding public communications. Ho failed to adequately supervise the firm's public communications, and Ho and the firm did not adequately implement the firm's written supervisory procedures (WSPs) regarding public communications. As a result, the firm and Ho repeatedly approved public communications that failed to adhere to the content standards set forth in the firm's WSPs, applicable advertising rules and FINRA letters. (**FINRA Case #2010022099101**)

Firms Fined

Aurora Capital LLC (CRD #37924, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it conducted a securities business while failing to maintain its minimum net capital required by Section 15(c) of the Securities Exchange Act of 1934 and Rule 15c3-1 promulgated thereunder. The findings stated that the firm had a regulatory minimum net capital requirement of $7,730 and actual net capital of $16,746, resulting in a net capital deficiency of $24,476. The net capital deficiency was due to the firm's decision to offset commissions payable without sufficient documentation. The findings also stated that the firm maintained inaccurate financial books and records as a result of the firm's improper offset of commissions payable and the firm's improper classification of unearned fees as deferred revenue. (**FINRA Case #2012033866301**)

Barclays Capital Inc. (CRD #19714, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry

of findings that when it was acting as an underwriter, the firm failed to timely file the official statement relating to offerings and the official statement amendment related to an offering. The findings stated that all but one of the untimely filings were made within 35 days of the deadline. The firm inaccurately filed with the Municipal Securities Rulemaking Board's (MSRB) Electronic Municipal Market Access System (EMMA) the official statement relating to offerings and exempt limited offerings. The firm failed to timely file Advance Refunding Documents (ARDs) and the untimely ARD filings were between one and 136 days late. (**FINRA Case #2011025586901**)

Bay Mutual Financial, LLC (CRD #130535, Santa Monica, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $5,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it used the mails or other means or instrumentalities of interstate commerce to effect transactions in securities while failing to maintain its required minimum net capital. The findings stated that the firm failed to make and keep current accurate books and records, in that its net capital computations and records on certain dates were materially inaccurate and overstated the firm's net capital. The findings also stated that the firm is required to make and keep current ledgers (or other records) reflecting all assets and liabilities, income and expense, and capital accounts. However, the firm's general ledger as of a certain date did not accurately reflect certain accrued liabilities. Consequently, the firm's general ledger as of that date contained material inaccuracies. (**FINRA Case #2012034574501**)

BB&T Securities, LLC fka Clearview Correspondent Services, LLC (CRD #142785, Richmond, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $300,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its affiliate and former member firm, Scott & Stringfellow LLC (S&S), with which it has since merged, effected sales of unregistered securities in contravention of Section 5 of the Securities Act of 1933. The findings stated that the firm participated in the sale of approximately 242 million shares of unregistered stock of low-priced securities on behalf of issuers, which generated proceeds of approximately $537,000. The securities were not subject to a registration statement. The findings also stated that despite certain questionable circumstances surrounding the sales, such as the substantial deposits of the same low-priced securities in related accounts at the firm followed shortly by liquidation of the shares, S&S failed to conduct a searching inquiry to ensure that the sales did not violate Section 5 of the Securities Act. The findings also included that S&S failed to adequately enforce its WSPs regarding the sales of unregistered securities. S&S did not have any documentation to show that it performed any reviews or asked the questions that the firm's WSPs mandated concerning the subject securities before they were sold. In fact, the firm did not conduct, as its WSPs required, sufficient inquiries on any of the physical stock certificates that it received in the customer accounts, even though there were several "red flags," some of which were identified in the WSPs. These red flags included customers

opening new accounts and delivering physical certificates representing a large block of thinly traded or low-priced securities, and the customers having a pattern of depositing physical certificates, immediately selling the shares and then wiring the proceeds of the resale. The firm's brokers who serviced the accounts in question did not conduct any searching inquiries and instead assumed that the firm's clearing firm was supposed to ensure that all securities deposited were available to sell.

FINRA found that S&S failed to implement an adequate anti-money laundering (AML) program designed to detect and cause the reporting of suspicious activity. The firm's AML program failed to adequately address potentially suspicious activity related to the deposits and liquidations of unregistered low-priced securities before or at the time the liquidations commenced. FINRA also found that S&S failed to adequately respond to red flags that were apparent at the time sales began, did not conduct appropriate due diligence on the underlying clients and the issuers before proceeding with further transactions, and failed to review whether the trades represented potentially manipulative activity on the market. The firm's AML program eventually detected and stopped the questionable trading activity. Nevertheless, the activity was allowed to continue for approximately four months before the firm stopped it. In addition, FINRA determined that BB&T and S&S failed to consistently send letters to customers notifying them of a change in address made to their account records, due to a problem with the automated systems the firm utilized. Moreover, FINRA found that S&S failed to maintain sufficient records of its research analysts' public appearances made to ensure that they made disclosures NASD Rule 2711(h) required. As a result, the firm's records did not show what disclosures were made with these public appearances and, most importantly, whether any disclosures complied with NASD Rule 2711(h). (**FINRA Case #2012033723601**)

BNY Mellon Capital Markets, LLC (CRD #17454, New York, New York), MBSC Securities Corporation (CRD #231, New York, New York), Pershing LLC (CRD #7560, Jersey City, New Jersey), and Pershing Advisor Solutions LLC (CRD #36671, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firms were censured and fined $275,000, jointly and severally. Without admitting or denying the findings, the firms consented to the described sanctions and to the entry of findings that email retention errors were the result of the faulty configuration of the BlackBerry server in which emails relating to the firms' business were not properly journaled to the retention system and were not retained consistent with Securities and Exchange Commission (SEC), FINRA and NASD® rules. The findings stated that if the sent email included a recipient within the organization, the email would be journaled to the retention system as an incoming message. The email retention errors impacted emails sent from a BlackBerry to an outside recipient that did not copy anyone within the organization. The faulty configuration responsible for the email retention error was discovered and corrected. The firms subsequently recovered a substantial portion of the emails that were impacted by the email retention error. The findings also stated that as a result of the messaging retention errors, the firms did not retain or review any BlackBerry messages that were sent or received. The

firms' respective policies specifically prohibited the use of BlackBerry Messages for business purposes by associated persons of the firms. The messaging retention errors resulted from the failure of the technology groups to consistently configure newly issued BlackBerrys to disable BlackBerry messages, as the firms directed. The messaging retention errors were discovered, at which time the firms universally blocked messages and integrated other forms of BlackBerry messages into the retention and supervisory system. (**FINRA Case #2012032995001**)

Boenning & Scattergood, Inc. (CRD #100, West Conshohocken, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $7,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it inaccurately reported the M020 Special Condition Indicator to the Real-Time Transaction Reporting System (RTRS) in municipal securities transaction reports. (**FINRA Case #2011030288901**)

Cantor Fitzgerald & Co. (CRD #134, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $37,500 and required to revise its WSPs regarding supervisory system, procedures and qualifications; order handling; and FINRA Rule 6760. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to provide written notification to its customers that transactions were executed at an average price. The findings stated that the firm transmitted reports to the Order Audit Trail System (OATS™) in which the firm incorrectly populated the customer instruction flag, incorrectly reported the capacity of a principal execution, incorrectly populated the desk type code within a desk report, incorrectly submitted a desk report, and incorrectly populated the customer instruction flag and desk type code with a desk report. The findings also stated that the firm failed to document all required route information for OATS orders. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and/or FINRA and SEC rules addressing minimal requirements for adequate WSPs in supervisory system, procedures and qualifications (ensuring personnel are properly registered), and order handling (disclosure of order execution information).

FINRA found that the firm failed to report to the Trade Reporting and Compliance Engine® (TRACE®) S1 transactions in TRACE-eligible corporate debt securities within 15 minutes of the execution time. The firm failed to report the correct market identifier in S1 transactions in TRACE-eligible agency debt securities to TRACE, and failed to report the correct contra-party identifier for some transactions. FINRA also found that the firm failed to report new issue offerings in TRACE-eligible agency debt securities to FINRA according to the time frames set forth in FINRA Rule 6760. The firm's supervisory system did not provide for supervision designed to achieve compliance with FINRA Rule 6760. (**FINRA Case #2012031646901**)

Cambridge Investment Research, Inc. (CRD #39543, Fairfield, Iowa) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to ensure that it preserved, maintained and reviewed two registered representatives' business emails. The findings stated that the firm's procedures did not effectively ensure that the representatives actually forwarded all business-related emails to a dedicated firm email address. The firm's correspondence transmittal form only required the branch office to send incoming and outgoing securities-related client correspondence to its home office. The form was flawed because NASD Rule 3010(d) requires firms to review and retain all communications with the public relating to the firm's securities business, not just communications with clients. The findings also stated that due to the deficiencies in its procedures, the firm failed to detect two of its registered representatives' outside business activities and private securities transactions. (**FINRA Case #2010023826301**)

Center Street Securities, Inc. (CRD #26898, Nashville, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish, maintain, and enforce adequate supervisory systems and WSPs to appropriately monitor its associated persons' use of external email accounts to conduct firm-related business. The findings stated that at least 35 associated persons used external email accounts for business purposes, but the firm's email system did not capture the emails for retention and review. (**FINRA Case #2012030379801**)

Charles Schwab & Co., Inc. (CRD #5393, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $175,000 and required to conduct a comprehensive review of the adequacy of its AML policies, systems, procedures (written or otherwise), and training with respect to detecting and reporting suspicious incoming wire transfers, and to certify in writing to FINRA that the firm has in place policies and procedures to address and correct violations. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it opened accounts for a new investor, through an independent investment adviser, who stated on new account applications that she was an employee of a U.S. financial services firm. The findings stated that the customer sent wire transfers totaling $96 million from an account the financial services firm owned to the newly opened accounts at Schwab, with the wire transfer instructions noting the source of the money was a corporate account in the financial services firm's name. The customer had initiated the wire transfers from her employer's account using account access she had gained through fraudulent means. No one at Schwab commenced an inquiry into the incoming wire transactions. The findings also stated that the customer invested some of the funds in mutual funds and money market funds, and did not make any withdrawals prior to the detection of her theft. The findings also included that the U.S. attorney charged the customer with one count of wire fraud to which she pled guilty, and she was sentenced to a 63-month prison term.

FINRA found that as part of the firm's AML program, it utilized a computer system to surveil accounts and transactions for potentially suspicious activity. The firm's incoming electronic transactions scenario in the computer system failed to generate any alerts for the incoming wire transactions, and they were not escalated for further investigation because the firm's process for determining whether accounts were related did not designate the accounts as related, so no AML alert was generated even though an alert should have been generated. The firm's system also did not generate an alert for large dollar deposits into newly-opened accounts or for the aggregate amount of the wires, which was $96 million. Even if the system had generated an alert, under the firm's system, the incoming wires in the customer's accounts would not have generated a sufficient number of alerts for the activity to be escalated for review by an analyst. FINRA also found that the financial services firm notified Schwab that the funds had been stolen. Schwab froze the accounts and returned the funds, minus approximately $126,000 in losses incurred on investments made in the accounts. In addition, FINRA determined that Schwab failed to implement policies and procedures that could reasonably have been expected to detect and cause the reporting of suspicious activity. (**FINRA Case #2011029074302**)

Chase Investment Services Corp. (CRD #25574, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $825,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to deliver approximately 1,101,271 prospectuses to its customers for certain mutual fund and exchange-traded fund (ETF) transactions. The findings stated that the firm satisfied its mutual fund and exchange-traded fund prospectus delivery obligation by contracting with a third-party service provider. Although the firm relied on the service provider to deliver its mutual fund and ETF prospectuses to customers, it remained the firm's responsibility to review transactions and verify that a prospectus was properly delivered when required. The firm launched a fee-based, discretionary, unified managed account through which clients could hold, among other investments, mutual funds, ETFs and money market funds. Due to a configuration error in the automated systems the firm utilized for prospectus delivery, the firm directed its service provider to deliver prospectuses for mutual fund and ETF transactions to the investment adviser, a firm affiliate, instead of customers. As a result, the firm failed to deliver prospectuses to the unified managed account customers for whose accounts mutual funds and ETFs had been purchased, and those customers were not provided with important disclosure information about the products. The findings also stated that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with federal rules regarding prospectus delivery requirements. The firm did not have a formal procedure for reviewing the service provider's prospectus delivery reports for the unified managed accounts and did not assign anyone to review the service provider's prospectus delivery reports or the service provider's system for these accounts. The firm had access to the service provider's system, which identified to whom a prospectus had been delivered, but failed to follow up and review the information to ensure that the service provider was sending prospectuses to customers as required. In fact, the firm did

not provide the firm groups that monitored prospectus delivery compliance access to the service provider system. Thus, the firm did not detect that it failed to send prospectuses to its customers for mutual fund and ETF transactions. (**FINRA Case #2011026279101**)

Citadel Securities LLC (CRD #116797, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it effected transactions during numerous trading halts. The findings stated that in each instance, the firm effected a transaction in a security while a trading halt was in effect for such security. (**FINRA Case #2011029287501**)

Citigroup Global Markets Inc. (CRD #7059, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it untimely filed the official statement relating to offerings with MSRB's EMMA, by filing after the deadlines set by MSRB Rule G-32 or after the closing date. The findings stated that the firm made inaccurate filings to EMMA and untimely filed Competitive Advance Refunding Escrow Trust Agreements, which are defined as ARDs under Rule G-32. (**FINRA Case #2011025578201**)

Commerz Markets LLC (CRD #41957, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $7,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that on three settlement dates, the firm submitted inaccurate short interest reports by correctly reporting the number of positions but underreporting the number of shares. (**FINRA Case #2011027759701**)

Deutsche Bank Securities Inc. (CRD #2525, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $30,000, and required to revise its WSPs regarding the reporting of new issues to TRACE. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct trade time to the RTRS in municipal securities transaction reports. The findings stated that the firm failed to report information regarding purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS Users Manual and failed to report information about such transactions within 15 minutes of trade time to an RTRS Portal. The firm failed to document the correct execution time on trade memoranda for transactions in municipal securities. The findings also stated that the firm failed to report new issue offerings in TRACE-eligible corporate securities to FINRA within the time frame of FINRA Rule 6760(c). The findings also included that the firm's supervisory system did not include WSPs reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning the reporting of new issues to TRACE. FINRA found that the firm failed to report to TRACE P1 transactions in TRACE-eligible corporate securities within T+1. (**FINRA Case #2011028814601**)

Deutsche Bank Securities Inc. (CRD #2525, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $40,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it permitted two statutorily disqualified persons to associate with the firm. The findings stated that although the firm had written pre-employment screening policies and procedures, it did not implement and enforce them with respect to non-registered employees transferring from another firm-related entity. The firm did not fingerprint the individual and other non-registered transferees upon their hire, nor did it conduct the requisite background checks to ensure that it was not employing a person subject to a statutory disqualification. The findings also stated that the individual had become employed with a firm affiliate, which conducted a background check and submitted his fingerprints to the appropriate authorities. The individual completed an employment application on which he indicated he had been employed with a FINRA/New York Stock Exchange (NYSE)-regulated firm but did not disclose he had been terminated from this broker-dealer for misappropriation of customer funds and that there was an open NYSE investigation into this matter. The individual did not subsequently disclose to the affiliate that shortly after his hire, he was barred by the NYSE and was thus subject to a statutory disqualification. A firm staff member alerted the individual's supervisor that the individual had been barred and the individual's employment was terminated. The findings also included that a subsequent review of firm non-registered employees disclosed a second person was subject to statutory disqualification because of a criminal conviction. As with the first individual, the firm did not conduct a background check or submit her fingerprints to the Federal Bureau of Investigation (FBI). (**FINRA Case #2011030737001**)

Eagle Ledge Capital, LLC (CRD #150804, Fresno, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $5,000. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report TRACE-eligible transactions to TRACE. The findings stated that although the firm relies on the firm it piggybacks through to report the transactions to TRACE, the firm still has the responsibility for ensuring that TRACE-eligible transactions are being properly reported to TRACE. Transactions the firm reported to TRACE were canceled shortly after entry; however, the firm failed to suppress or modify those trades to reflect their cancellation in TRACE. The findings also stated that the firm was the underwriter of a TRACE-eligible security for a bond offering. The firm was required to provide certain information contained within FINRA Rule 6760 to the TRACE Operations Center. The firm's WSPs outline a process for providing such information to the TRACE Operations Center; however, the firm failed to provide the TRACE Operations Center with the required information. (**FINRA Case #2012030570201**)

eRoom Securities L.L.C. (CRD #41257, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $37,500 and required to revise its WSPs regarding OATS reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to

transmit Reportable Order Events (ROEs) to OATS on numerous business days during the review period. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting. (**FINRA Case #2011029697301**)

First Integrity Capital Partners Corp. (CRD #146049, West Palm Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and maintain a system, including WSPs, reasonably designed to supervise its proprietary trading. The findings stated that the firm hired a trader to engage in riskless principal trading for the firm, wherein the trader could only simultaneously open and close a position in U.S. Treasuries. The firm submitted a continuing membership application (CMA) to conduct proprietary trading to FINRA, which was approved. In connection with the CMA, the firm told the trader that he could not trade a position in excess of $5 million par value because of its capital constraints. The firm failed to document the trading limitations in its WSPs or anywhere else. The findings also stated that the firm was aware that some of the trader's former member firms had alleged that the trader had engaged in unauthorized trading while the firm employed him. Nevertheless, to supervise or monitor the trader's proprietary trading, the firm relied entirely upon the trader to provide it with accurate order tickets for his trades. The firm permitted the trader to create the tickets on his Bloomberg terminal and required him to provide those tickets, instead of having the terminal automatically generate the order tickets for each trade, to an employee who handled administrative and back office matters for the firm. The employee then entered the trades into the firm's clearing system and checked the tickets to ensure that there weren't any open positions at the end of each trading day. The firm did not adequately supervise the trader's trades on a real-time basis. The firm's WSPs did not adequately describe how the firm would monitor its proprietary trading to ensure compliance with the imposed trading limits. The only way the firm could have detected any irregularities with the trader's trading was if and after a fail had occurred. The findings also included that because of the firm's deficient supervisory system, the trader was able to place trades in excess of his trading authority. To accomplish this feat, the trader submitted order tickets to the firm that contained false execution times, which incorrectly indicated that he was complying with the firm's limitations by simultaneously opening and closing positions of $5 million par value, which caused the firm to maintain inaccurate order tickets. FINRA found that the trader opened a $25 million par value short position in U.S. Treasuries in trades for the firm. Because of the firm's deficient supervisory system, it did not learn of the open position until a contra party contacted the firm about it, which resulted in the firm conducting securities business while it was net capital deficient. (**FINRA Case #2011029829001**)

FMSbonds, Inc. (CRD #7793, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $13,500. The firm has previously paid a total of $7,426.50 in restitution. Without admitting or denying the findings, the

firm consented to the described sanctions and to the entry of findings that it purchased municipal securities for its own account from customers and/or sold municipal securities for its own account to customers at an aggregate price (including any markdown or markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer or municipal securities dealer is entitled to a profit; and the total dollar amount of the transaction. (**FINRA Case #2010022721801**)

Girard Securities, Inc. (CRD #18697, San Diego, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it did not establish and maintain systems and procedures, including written procedures, that were reasonably designed to prevent fraudulent third-party wire transfers. The findings stated that the firm's clearing firms issued a number of alerts and updates concerning a rise in fraudulent email instructions used to effect fraudulent wire transfers. As a result, the firm adopted procedures governing ad-hoc third-party federal funds wired. The procedures stated that where the relationship between the account holder and the recipient of the wire is not clearly identifiable and the amount of the payment exceeds $20,000, third-party federal fund wires could be processed provided a senior compliance officer (or another authorized senior officer of the firm) signed an attestation document confirming that the firm has verbally confirmed the Letter of Authorization (LOA) instructions with the account holder(s) or those authorized to act on their behalf. The attestation was modeled after an attestation distributed by one of the firm's clearing firms, along with new clearing firm procedures for processing third-party wires. The findings also stated that the firm adopted the attestation, but failed to establish adequate systems and procedures concerning the use of this document. The firm did not designate who, specifically, should verbally confirm the authenticity of the wire instructions with the client. Though the firm changed its procedures in response to the clearing firm's notification to include the attestation, it did not provide an explanation or any training to firm personnel as to why the procedures were changed or why the attestation was required. (**FINRA Case #2012033033901**)

Headwaters BD, LLC (CRD #117042, Denver, Colorado) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its supervisory control procedures required, in relevant part, the firm's chief compliance officer (CCO) to annually test and verify that the firm's supervisory procedures were sufficient, and amend or create additional procedures as necessary. The findings stated that testing was to include a review of internal financial reports, audit reports, regulatory examinations, complaints and any litigation. The CCO was to then submit a report to the chief executive officer (CEO) describing the firm's system of

supervisory controls, a summary of the test results and any changes made in response to the test results. Similarly, the firm's WSPs pertaining to the periodic review of firm's business and procedures required, among other items, that it maintain a written record of the dates the firm's supervisory system was reviewed, along with the steps taken to conduct the review, any revisions to the supervisory procedures created in response to the test results, a written record of the review of the firm's business, an annual compliance report containing a tabulation of statistics and reports regarding customer complaints and internal investigations, analysis of significant compliance problems and plans for future systems to detect and prevent such problems, and an assessment of the prior year's supervisory and compliance efforts in specified areas applicable to the firm. For two years, the firm did not timely prepare the reports required by NASD Rule 3012 and FINRA Rule 3130. The firm initially prepared a single report that, in addition to being untimely, did not contain all of the content required by those rules, thus failing to comply with either rule. The firm's CCO and CEO signed both reports. The firm did not maintain all of the written records of its reviews and testing as required by both its supervisory control procedures and its procedures pertaining to the periodic review of the firm's business and procedures. The firm's CEO certification required by FINRA Rule 3130 for one year was untimely. Further, the certification executed in the previous year did not certify that the CEO had reviewed a report that evidenced the processes referenced in FINRA Rule 3130. This deficiency reflected the fact that, as set forth above, the firm, in violation of FINRA Rule 3130(c), did not prepare the required report for the CEO's review. The finding also stated that the firm did not inspect the home office for two years. Per the dictates of NASD Rule 3010(c) and the firm's own procedures, it should have been inspected on an annual basis. Additionally, the firm did not inspect one of its nine non-branch locations once every three years in the manner as required by the firm's WSPs. While the firm's CCO visited a non-branch location three years in a row, an inspection that comported with the requirements of Rule 3010(c) and the firm's WSPs was not done at those times. The findings also included that the firm's website and certain pieces of sales literature the firm used contained tombstones for transactions effected by representatives prior to their joining the firm. That fact was not disclosed on the firm's website or in the sales literature, and therefore was potentially misleading. (**FINRA Case #2012030462001**)

Jefferies LLC (CRD #2347, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $50,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it employed a statutorily disqualified individual in a non-registered capacity and permitted the individual to remain associated with the firm for eight years. The findings stated that the individual was statutorily disqualified at the time of his hire and remained so throughout his employment with the firm. The individual failed to disclose his statutory disqualification to the firm, and the firm's initial review of the individual's background was incomplete and did not reveal that the individual had been barred and therefore was statutorily disqualified from associating with the firm in any capacity. The

individual remained associated with the firm in a non-registered capacity until the firm terminated his employment after becoming aware that he was statutorily disqualified in connection with its review of operations professionals for the then newly established FINRA Series 99. (**FINRA Case #2011030515301**)

J.P. Morgan Clearing Corp. (CRD #28432, Brooklyn, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $200,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it included non-margin equity securities in certain portfolio margin accounts and improperly applied strategy-based maintenance margin requirements that were not permitted for positions held in a portfolio margin account. The findings stated that because non-margin equity securities could not be held within a portfolio margin account unless the firm applied a 100 percent regulatory maintenance requirement on a daily basis, the accounts at issue were under-margined. (**FINRA Case #2010023709101**)

J.P. Morgan Securities LLC (CRD #79, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $175,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to maintain accurate books and records and filed an inaccurate Financial and Operational Combined Uniform Single (FOCUS) report. The findings stated that the firm's fixed income settlement system did not properly account for the cancellation of certain forward-settling transactions. When a transaction with a future settlement was cancelled, the system continued to post a forward adjustment entry for certain cancelled forward trades. Although the firm detected this deficiency, it did not implement a manual solution until a later date. The firm created erroneous general ledger balances between the trade cancellation and the settlement date, which caused incorrect data to be fed to the firm's sub-ledger and caused inaccuracies in FOCUS reports. The findings also stated that the firm's fixed income settlement system did not reconcile with the firm's general ledger for hedging portions of two of its high-yield index bond books. These portions of the books were also not captured in the firm's risk management system, but were incorrectly captured in the risk management infrastructure of a firm affiliate. As such, the firm's value-at-risk (VaR) calculation was overstated. Certain firm equity-to-credit (E2C) positions were not included within the firm's VaR calculation. Instead, those E2C positions were incorrectly reflected in the VaR calculation for a different affiliate of the firm. The findings also included that the firm failed to establish and maintain adequate supervisory review systems. The firm failed to monitor for mismatches between its balance sheet and off balance sheet in accounting the cancellation of its forward-settling transactions, failed to monitor to ensure that positions were mapped to the correct legal entity, and failed to maintain an adequate exception report to detect the discrepancies between its internal reports to capture position breaks. (**FINRA Case #2010023688801**)

Knight Capital Americas, L.P. (CRD #38599, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $7,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that on numerous occasions when it executed a transaction in a riskless principal capacity, it inaccurately described its remuneration as a commission in a written notification to its customer. (**FINRA Case #2011026094601**)

Lazard Capital Markets LLC (CRD #134736, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it acted as a clearing broker for a registered investment adviser (RIA) with respect to certain transactions, including municipal securities transactions. The findings stated that the transactions were executed and reported to the MSRB RTRS on behalf of the RIA by a third-party executing broker, and the firm was provided with electronic data concerning the transactions for purposes of clearance and settlement. Unbeknownst to the firm, a coding change to the electronic data caused the firm to begin automatically reporting trades to RTRS that had already been reported by the executing broker. The firm continued to erroneously report the RIA's municipal securities trades for more than a year. In total, the firm reported 197 municipal securities transactions to RTRS that should not have been reported. Thus, the firm's trade reporting was inaccurate. The findings also stated that the firm had WSPs governing the review of municipal securities trade reports. These procedures provided for a review of the MSRB Dealer Feedback System on an as-needed basis when the firm transacted in municipal securities, but did not include a systematic look-back review that likely would have led to the discovery of the duplicative RTRS reports. The firm's supervisory procedures therefore were not reasonably designed to detect erroneously reported trades. (**FINRA Case #2013035681701**)

Melvin Securities, L.L.C. (CRD #29767, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $25,000. A lower fine was imposed after considering, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its supervision of its due diligence process for municipal offerings was inadequate insofar as it failed to ensure that it documented and maintained evidence of the due diligence required by its WSPs. The findings stated that in connection with some offerings, the firm was unable to evidence its review of certain documentation, including issuer articles of incorporation, issuer financial statements, and final or near-final offering memoranda, as required by its WSPs. The firm's WSPs were deficient insofar as they failed to adequately address required submissions to the EMMA system and the MSRB Rule G-32 Report Card monitoring, and the firm filed Official Statements (OSs) late with EMMA. The findings also stated that the firm filed an inaccurate FOCUS Part IIA filing. The firm's amended FOCUS Part IIA filing for that period failed to include as an expense, and therefore, deduction from net capital, $43,337.55 of overdue lease payments. In addition,

the firm failed to timely file its FOCUS Part IIA for several periods and failed to timely file an annual audit report. The findings also included that the firm, engaged in securities business without employing a financial and operations principal (FINOP), and failed to employ two registered principals pursuant to NASD Rule 1021. The firm was not a sole proprietorship and had not obtained a waiver from this requirement. (**FINRA Case #2012034324201**)

Merriman Capital, Inc. (CRD #18296, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $120,000 and required to retain an independent consultant to conduct a comprehensive review of the adequacy of the firm's WSPs. The firm shall adopt and implement the independent consultant's recommendations and shall provide FINRA with a written implementation report, certified by a firm officer, setting forth the details of the implementation. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to maintain WSPs reasonably designed to achieve compliance with applicable securities laws and regulations. The findings stated that the firm's WSPs listed specific legal rules and regulations to be complied with, but failed to describe the specific procedures to be followed by the firm, the person responsible for carrying out many of its procedures or how compliance with the procedures would be documented. The findings also stated that the firm's supervisory procedures failed to address several lines of its business. Among other deficiencies, the firm's WSPs failed to address private placements even though selling such securities was a substantial portion of the firm's business and it raised more than $16 million for its parent company through several private offerings. The firm's procedures also failed to designate an appropriate principal to supervise private placements of its own securities. The findings also included that the firm revised its WSPs to address private placements but the revised procedures were still insufficient. In spite of FINRA notification that the new procedures appeared to be deficient, the firm continued to engage in private placements of its parent company's securities while maintaining the inadequate supervisory procedures.

FINRA found that the firm raised approximately $10 million by selling shares of unrated preferred stock issued by its parent company but did not file the offering materials with FINRA. Prior to the effective date of FINRA Rule 5122, the firm had discussed potential terms with an investment adviser representative, but had not commenced its selling efforts. FINRA also found that the firm raised $3.1 million by selling shares of three-year promissory notes issued by its parent company that paid 10 percent interest. The term sheet disclosed to investors that intended uses of the proceeds from the placement included between $750,000 and $1,000,000 to be paid to settle litigation. The firm and its parent company did not make any other disclosures about the intended use of the proceeds. In addition, FINRA determined that the majority of the proceeds were intended for ordinary operating expenses, not to resolve litigation. The firm used a written investor presentation to solicit investors for the placement that failed to disclose information and contained false statements. Even though an earlier version of the presentation was reviewed and signed off

of by a firm principal, a firm principal did not approve the final version prior to use and the firm did not maintain a separate file for the communication evidencing its approval. (**FINRA Case #2011029223601**)

Murphy & Durieu (CRD #6292, New York, New York) submitted a Letter of Acceptance, Waiver and consent in which the firm was censured and fined $45,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed, within 30 seconds after execution, to transmit to the Over-the-Counter Reporting Facility (OTCRF) last sale reports of transactions in OTC equity securities. The findings stated that the firm failed, within 30 seconds after execution, to transmit to the OTCRF last sale reports of transactions in OTC equity securities and failed to designate to the OTCRF such last sale reports as late. The firm failed to report the correct execution time for transactions in reportable securities to the OTCRF, and failed to preserve for a period of not less than three years, the first two in an accessible place, brokerage order memoranda. The findings also stated that the firm failed to report S1 transactions in TRACE-eligible corporate bonds, S1 transactions in TRACE-eligible agency debt securities and large block S1 transactions in TRACE-eligible agency debt securities to TRACE within 15 minutes of the execution time. The findings also included that the firm failed to report the correct execution time for some transactions in TRACE-eligible securities to TRACE, and failed to show the execution time on brokerage order memoranda. (**FINRA Case #2011028360701**)

Pershing LLC (CRD #7560, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $7,500 and required to revise its WSPs regarding locking or crossing quotations in OTC equity securities. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations, and FINRA rules concerning locking or crossing quotations in OTC equity securities. The findings stated that the firm's supervisory system failed to reasonably avoid displaying or engaging in a pattern or practice of displaying locking or crossing quotations in any OTC equity security. The firm used a T+1 exception report that did not adequately address the firm's obligations to reasonably avoid displaying locking and crossing quotations, and take reasonable action to resolve the locked or crossed market when the firm is responsible for displaying the locking or crossing quotation. (**FINRA Case #2011030654301**)

PNC Investments LLC (CRD# 129052, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $90,000. The firm has paid restitution to all affected customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to apply an appropriate rollover or breakpoint discounts to eligible unit investment trust (UIT) purchases for customers. As a result, the firm overcharged customers a total of

$52,040.12. The findings stated that the firm failed to adequately enforce its existing WSPs concerning rollover and breakpoint sales charge discounts so as to ensure discounts were properly applied to all eligible UIT purchases by customers. (**FINRA Case #2011026684601**)

PNC Investments LLC (CRD #129052, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $275,000 and ordered to pay $33,183.72, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and maintain a supervisory system, including written procedures, reasonably designed to achieve compliance with applicable NASD and/or FINRA rules in connection with the sale of leveraged, inverse and inverse-leveraged ETFs (non-traditional ETFs). The findings stated that non-traditional ETFs have certain risks that are not found in traditional ETFs, such as the risks associated with a daily reset, leverage and compounding. The performance of non-traditional ETFs over longer periods of time can differ significantly from the performance of their underlying index or benchmark, especially in volatile markets. Nonetheless, the firm supervised non-traditional ETFs the same way it supervised traditional ETFs. The firm relied on its general supervisory procedures to supervise transactions in non-traditional ETFs. However, the general supervisory system the firm had in place was not sufficiently tailored to address the unique features and risks involved with these products. The findings also stated that the firm failed to provide adequate formal training to registered representatives and supervisors regarding the features, risks and characteristics of non-traditional ETFs. The firm allowed certain of its registered representatives to recommend to customers a non-traditional ETF without performing reasonable diligence to understand the risks and features associated with it. (**FINRA Case #2011028232801**)

Royal Securities Company (CRD #10702, Grandville, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $175,000, required to pay $12,742.48 in restitution to customers, and ordered to hire an independent consultant to conduct a comprehensive review of the adequacy of the firm's policies, systems and procedures (written and otherwise), and training relating to supervision of representatives' suitability obligations pursuant to FINRA Rule 2111; supervision of the due diligence, approval and sales of special products by representatives, including low-priced securities and new and/or complex products; implementation, documentation and follow up in connection with registered representatives placed on heightened supervision; and creation and implementation of WSPs and a supervisory system reasonably designed to ensure compliance with FINRA's requirements regarding branch inspections and reviews. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it was aware of a representative's uniform investment strategy, and failed to properly supervise and monitor his activities to ensure that a customer-specific suitability review was conducted and that the investment strategy was suitable for each customer. The findings stated that the firm received a complaint about another representative who made unsuitable recommendations to customers.

The firm failed to monitor the representative's recommendations for customer-specific suitability and failed to monitor the customers' activities for concentration issues and excessive losses. The findings also stated that firm representatives engaged in purchases and sales in nontraditional ETFs for a principal amount traded of approximately $4.752 million. The firm did not require that its representatives complete any product-specific training before recommending nontraditional ETFs to its customers and did not train its registered representatives regarding nontraditional ETFs and their unique risks and features. As a result, the firm's representatives lacked an adequate understanding of the principal features and risks of the products. Neither the firm nor its representatives had a reasonable basis to believe that the non-traditional ETF products they recommended to their retail customers were suitable for them. The findings also included that the firm failed to establish and maintain a supervisory system, including WSPs, designed to achieve compliance with applicable NASD and/or FINRA rules in connection with the sale of non-traditional ETFs, including leveraged and inverse ETFs. The firm allowed its representatives to recommend and sell non-traditional ETFs, but did not adopt any WSPs addressing them, and did not adopt any supervisory controls to properly supervise the transactions. The firm made payments to an unregistered entity that was owned and controlled by a representative, for remuneration of the securities activities of the representative, totaling $666,777.

FINRA found that the firm acted as the lead underwriter for churches who were issuing church bonds, which the firm sold exclusively and directly. The firm sold approximately $4.3 million in church bonds to its customers. The firm was also involved in the sale of secured certificates of participation in a fund that raised capital for a variety of Christian churches. Despite having entered into the church bond and fund business, the firm failed to adopt reasonable WSPs and supervisory controls to govern this new line of business, and failed to conduct adequate initial and ongoing due diligence regarding the church bonds and the fund before allowing its representatives to sell them to customers. The firm did not conduct any ongoing diligence with respect to the church bonds, with the exception of ensuring that the churches were making their scheduled payments to the trust company. The firm did not conduct any initial or ongoing due diligence with respect to the fund itself, or the churches the fund was financing. The firm failed to provide any training to its representatives before allowing them to sell church bonds and fund units. The firm was also responsible for pricing the church bonds, which pricing was set forth in the customers' account statements. While the firm devised a pricing model, the model was insufficient, flawed and inaccurate because it failed to take into account certain factors and was not used in any event. FINRA also found that the firm failed to ensure that a clearing company correctly reported all TRACE-eligible transactions. The firm failed to evidence the reporting to TRACE of church bond transactions in different Committee on Uniform Security Identification Procedures (CUSIPs) and over-reported church bond transactions to TRACE that did not require reporting. The firm failed to implement a system that would have detected erroneously reported church bond transactions. The third-party clearing company

failed to properly report the trades, and the firm failed to conduct an appropriate review of the clearing firm's activities to ensure that appropriate TRACE reporting was in fact done. (FINRA Case #2011025857803)

Safra Securities LLC (CRD #47873, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $25,000 and ordered to pay $22,576, plus interest, in restitution to the customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it charged mark-ups or mark-downs on certain purchases and sales of fixed income securities that were not fair and reasonable, taking into consideration the factors set forth in NASD Interpretive Material (IM) 2440-1(b) and that exceeded 5 percent. The findings stated that the firm charged $22,576 in excessive mark-ups or mark-downs in a total of 16 transactions. The firm's WSPs required that the designated supervisory principal review all principal and riskless principal transactions daily to determine whether mark-ups charged complied with NASD Rule 2440 and IM-2440-1 and that mark-ups or mark-downs in excess of 5 percent required approval by a designated supervising principal prior to such charges being made. The firm failed to implement its supervisory system for the review of mark-ups or mark-downs charged as it failed to review the foregoing riskless principal transactions to determine the appropriateness of the mark-up or mark-down in light of the factors delineated in its own procedures and in NASD Rule 2440 and IM-2440-1, and failed to require a designated supervising principal's approval of mark-ups or markdowns in excess of 5 percent prior to such charges being made. (FINRA Case #2012030370101)

SAL Financial Services, Inc. dba Sterne Agee Financial Services, Inc. (CRD #18456, Birmingham, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $75,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and maintain a supervisory system and establish, maintain and enforce WSPs reasonably designed to identify and prevent unsuitable excessive trading and churning in customer accounts. The findings stated that the firm failed to properly supervise active accounts in various ways. The firm relied solely on a single exception report with inadequate parameters to identify active accounts and detect patterns of unsuitable excessive trading. The firm's clearing firm made available to it additional exception reports with necessary parameters but the firm failed to use them. Further contributing to the firm's inadequate supervision of active customer accounts, it relied primarily on designated principals, such as OSJ managers, and their processes to conduct supervisory review of active customer accounts without any independent verification from supervisory personal, such as regional sales managers, in the firm's home office. The findings also stated that contrary to the firm's WSP requirements, it failed to document customer contact for some active accounts, and for the instances in which the firm documented customer contact it did not follow its WSP requirements. The documentation of these instances of customer contact was general in nature and failed to address key items as required by the firm's client contact checklist. The findings also included that the firm's WSPs were deficient in that they failed to

establish specific guidance, such as criteria or thresholds, which would necessitate further review of active accounts or contact with customers. The firm's supervisory system and procedures also failed to provide firm personnel with specific guidance, such as criteria or thresholds, regarding transaction or commission-based restrictions that should be placed on accounts with significant turnover ratios, commission/cost-to-equity ratios or realized trading losses. (**FINRA Case #2011027833901**)

Sammons Securities Company, LLC (CRD #115368, Ann Arbor, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $5,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to retain certain electronic correspondence, related to its business as a broker-dealer, in its original format. The findings stated that the firm used a third-party vendor to process all of the firm's emails into text files, which was not the original format of the emails, to be placed in an archive directory for storage. The firm subsequently produced emails to FINRA regarding a terminated registered representative in text format. Some of the emails provided by the firm regarding the representative were stripped of attachments, unreadable without accessing an Internet decoder program, and missing carbon copy or blind carbon copy recipient information. The production of emails in text format impeded FINRA's ability to search the emails. (**FINRA Case #2010023443402**)

Silver Oak Securities, Incorporated (CRD #46947, Jackson, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it permitted a registered representative to recommend and sell non-traditional ETFs to some of the firm's customers. The findings stated that the firm did not investigate the characteristics and risk factors of such products before allowing its representative to recommend them to customers or provide its representatives any training or other guidance specific to whether and when non-traditional ETFs might be appropriate for their customers. The firm did not implement any procedures for supervising the firm's purchase and trading of non-traditional ETFs. Instead, it relied on supervisory systems that were already in place. The findings also stated that as a result of the firm's failure to implement a supervisory system tailored to non-traditional ETFs, the firm did not monitor transactions involving non-traditional ETFs, which would include tracking the volume of customers' holdings in non-traditional ETFs, as well as tracking the length of time open positions were maintained in non-traditional ETFs, and any resulting unrealized losses. The firm did not impose any limitations on trading or holding non-traditional ETFs. (**FINRA Case #2011026214301**)

State Street Global Markets, LLC (CRD #30107, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $125,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it carried forward unresolved reconciling differences in its general ledger without research or resolution. As a result of these unresolved reconciling

differences, the firm failed to apply net capital charges associated with the unresolved reconciling differences and failed to include credits associated with its reserve formula. The findings stated that the firm's bank reconciliations were inadequate because reconciling items related to the firm's general cash account were not properly dated. Instead, the reconciling items were identified only by the approximate month and year of each entry, rather than the actual date. The firm reflected the unresolved reconciling items as a net sum in its general ledger bank reconciliation. The firm, by failing to include the actual date of each reconciling item and netting the outstanding reconciling items, was unable to identify any aged reconciliation differences required to be deducted from its net capital computation or reflected as credits in its reserve formula calculation. The firm failed to include the correct signature of the preparer and/or reviewer of the bank reconciliation attesting to the accuracy of the information contained therein. The findings also stated that the firm did not establish and maintain a system or establish, maintain, and enforce written procedures to supervise its operating bank account reconciliation process and the maintenance of its general ledger in such a way that was reasonably designed to achieve compliance with applicable securities laws and regulations. The firm did not segregate the funding, accounting, reconciliation and reporting duties of the FINOP. The firm lacked adequate accounting controls of its bank general ledger process as there was no supervisory oversight when the FINOP disbursed cash. The FINOP exercised complete and unsupervised control over cash journal entries pertaining to the general cash account in the firm's general ledger in such a way that increased the potential for inaccurate and/or illegitimate entries into the firm's general ledger. The firm lacked an adequate supervisory system and procedures reasonably designed to ensure the legitimacy and/or accuracy of the FINOP's cash journal entries. The findings also included that the firm's general ledger certification process (certification system) was inadequate and unreliable. The information set forth in the certification system was a misrepresentation of the actual reconciliation process, and demonstrated a lack of adequate segregation of duties, insofar as the FINOP not only performed the reconciliations, but also reviewed them. The firm lacked an adequate supervisory system and procedures reasonably designed to ensure the legitimacy of the firm's bank reconciliation process, as demonstrated by the inadequacy of the certification system. The firm failed to enforce its WSPs pertaining to daily reconciliations in that although it was required to perform daily reconciliations, it only performed monthly reconciliations of the firm's general cash account. FINRA found that employees of the firm's affiliate maintained access to process journal entries, including entries to cash, in the firm's general ledger. The firm's FINOP department was not aware that these individuals had access to make journal entries to the firm's general ledger. The firm failed to maintain a supervisory system that was reasonably designed to maintain the integrity and safekeeping of the firm's general ledger by failing to appropriately monitor access to the firm's general ledger. (**FINRA Case #2012033064001**)

Stephens Inc. (CRD #3496, Little Rock, Arkansas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $40,000 and required to review its supervisory system and procedures concerning compliance with applicable laws, regulations and rules regarding registration pertaining to firm personnel, and ensure that any individual whose function resulted in a principal licensing failure does not continue to act in a principal capacity unless and until such individual is registered as a general securities principal. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to register two persons acting in a supervisory capacity with respect to the firm's investment banking or securities business in the category or registration appropriate to the function to be performed as a general securities principal. The firm failed to timely register its head of equity trading as a general securities principal and an executive vice president/head of institutional sales & trading. The findings stated that the firm failed to enforce its WSPs concerning compliance with FINRA's registration requirements, and failed to ensure that personnel received correct guidance on principal licensing requirements and were appropriately licensed. The findings also stated that the firm failed to ensure that trading limitations imposed on a firm trader who lacked a limited representative-equity trader (Series 55) registration were adequately communicated and monitored. (**FINRA Case #2010023737101**)

Stifel, Nicolaus & Company, Incorporated (CRD #793, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $80,000 and ordered to pay $4,416.74, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it accepted and held customer market orders, traded for its own account at prices that would have satisfied the customer market orders, and/or failed to immediately thereafter execute the customer market orders up to the size and at the same price at which it traded for its own account or at a better price. The findings stated that the firm accepted and held customer market orders, traded for its own account at prices that would have satisfied the customer market orders, and failed to immediately thereafter execute the customer market orders. The firm failed to execute orders fully and promptly and in addition, some of these instances resulted in prices to the customers that were not as favorable as possible under prevailing market conditions. (**FINRA Case #2010021747801**)

StockCross Financial Services, Inc. (CRD #6670, Beverly Hills, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $47,500 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit ROEs to OATS. The findings stated that the firm failed to transmit Route Reports for orders sent by its retail trading desk (STOX) to the firm's market-making desk (STXG). The firm, when it acted in a riskless principal capacity, failed to provide written notification disclosing to its customers the correct compensation type the firm received. The firm made publicly available a report on its routing of non-directed orders in covered securities that included incomplete information as to the identity of the venues to which the largest number of

total non-directed orders was routed for execution. For a calendar quarter, the firm made publicly available a report on its routing of non-directed orders in covered securities that included incomplete information concerning the percentages of total non-directed orders that were market orders, limit orders and other orders. The firm failed to make publicly available a report on certain covered orders in national market system securities it received for execution from any person. The firm also made available a report on covered orders in national market securities that included incorrect information as to average realized spreads, average effective spreads, number of shares executed with price improvement, share-weighted average amount per share prices were improved, share-weighted average period of time from receipt to execution, number of shares executed at the quote, number of shares executed outside the quote, and the share-weighted average amount per share that prices were outside the quote. The findings also stated that the firm's supervisory system did not provide for supervision designed to achieve compliance with applicable securities laws, regulations and/or NASD/FINRA and SEC rules addressing disclosure of order routing information rule (SEC Rule 606); procedures to ensure compliance, and to review for compliance, with the limit order display and quote dissemination rules (SEC Rules 602 and 604); procedures to ensure compliance with the One Percent Rule (SEC Rules 600(b)(65)and (73) and 602(b)(1) and (4)); requirements concerning the disclosure of order execution information (SEC Rule 605); procedures to ensure member does not execute or display short sale orders at a price less than or equal to the national best bid if the price of the security decreases by 10 percent or more from the prior day's closing price; procedures to ensure the accuracy and integrity of data submitted to OATS; and procedures related to books and records. The firm failed to provide documentary evidence of supervisory reviews as set forth in its WSPs with respect to compliance with SEC Rules 600(b)(65) and (73) and 602(b)(1) and (4). (**FINRA Case #2011026164901**)

TD Ameritrade, Inc. (CRD #7870, Omaha, Nebraska) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $5,000. The firm has paid a total of $3,319.94 in restitution to address the violations. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in transactions for or with customers, it failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customers was a favorable as possible under prevailing market conditions. (**FINRA Case #2010024670701**)

Transcend Capital, LLC (CRD #104483, Austin, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $200,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to adequately monitor, detect and investigate suspicious activity occurring in direct market access (DMA) accounts. The findings stated that the firm's AML procedures identified a list of red flags but the procedures note, however, that the red flags listed are not exhaustive. Accounts at the firm exhibited a variety of red flags that the firm failed to adequately detect and investigate, and report on a suspicious

activity report (SAR), where appropriate. The firm failed to conduct an adequate searching inquiry on unregistered securities that were sold through the firm. The firm received, and facilitated the sale of, over one billion restricted shares, from customers, for low-priced securities. No registration statements were in effect for the securities and no exemptions were available. The findings also stated that the firm relied on attorney opinion letters that opined that the unregistered securities could be sold without registration pursuant to an exemption from registration. The firm's reliance on these opinions was unreasonable as the attorneys were prohibited from submitting opinion letters to the OTC Markets (formerly, the Pink Sheets). Although OTC Markets published its Prohibited Attorney List on its website, the firm's inquiry into the securities failed to discover this red flag. The firm failed to identify other red flags with these securities, failed to conduct an adequate searching inquiry into the unregistered securities and failed to conduct adequate due diligence on the penny stock transactions, given the presence of various red flags. The findings also included that the firm's supervisory systems and procedures were not tailored to its business, which included providing high-frequency traders with DMA. The firm failed to implement adequate WSPs relating to its penny stock business and its WSPs failed to address the searching inquiry the firm needed to undertake to determine whether the shares were registered or subject to an exemption from registration. (**FINRA Case #2011029039801**)

UBS Securities LLC (CRD #7654, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $100,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted ROEs to OATS that OATS rejected for context or syntax errors and were repairable. The findings stated that the firm failed to repair some of the rejected repairable ROEs, so it failed to transmit them to OATS during the review period. The firm also failed to repair additional rejected ROEs within the required five business days, failed to populate the mandatory ROE Reconciliation ID for additional rejected ROEs, failed to timely repair additional rejected ROEs with a correct ROE Reconciliation ID, and failed to submit the correct mandatory ROE reconciliation ID on other rejected ROEs during the review period. The findings also stated that the firm, as managing underwriter, failed to report to FINRA new issue offerings in corporate bonds and securitized products within the timeframe required by FINRA Rule 6760. (**FINRA Case #2011026186501**)

UnionBanc Investment Services, LLC (CRD #14455, Los Angeles, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $51,000. No restitution payment was provided for in the AWC in light of the fact that the firm paid restitution, plus interest, to its customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it purchased agency securities for its own account from customers and/or sold agency securities for its own account to customers in the course of its business at an aggregate price that was not fair and reasonable. (**FINRA Case #2011027734901**)

Wells Fargo Advisors, LLC (CRD #19616, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $20,000 and ordered to pay $8,660.93, plus interest, in restitution to customers. The firm has already paid full or partial restitution for several of the transactions. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it bought or sold municipal securities for its own account from customers and/or sold municipal securities to customers at an aggregate price (including any markup or markdown) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer, or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction; the expense involved in effecting the transaction; the fact that the broker, dealer, or municipal securities dealer is entitled to a profit; and the total dollar amount of the transaction. The findings stated that the firm sold agency bonds to its customers and failed to sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each at the time of the transaction, the expense involved and that the firm was entitled to a profit. (**FINRA Case #2009020171701**)

Wilson-Davis & Co., Inc. (CRD #3777, Salt Lake City, Utah) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it had fail-to-deliver positions at a registered clearing agency in equity securities that resulted from a sale of a security, that each were formerly restricted shares pursuant to SEC Rule 144, that the seller was deemed to own pursuant to §242.200 and intended to deliver once all restrictions on delivery had been removed, and did not close the fail-to-deliver positions by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by SEC Rule 204(a)(2). (**FINRA Case #2010025034101**)

Wilson-Davis & Co., Inc. (CRD #3777, Salt Lake City, Utah) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $5,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to publish immediately a bid or offer that reflected the price and the full size of customer limit orders for OTC equity securities the firm held that were at a price that would have improved the firm's bid or offer in such securities. (**FINRA Case #2013035513001**)

Woodbury Financial Services, Inc. (CRD #421, Oakdale, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $60,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to retain certain business-related electronic communications for a small subset of its associated persons. The findings stated that the firm used a system offered by a commercial vendor to comply with its regulatory obligations pertaining to archiving, preserving and supervising the business-related emails

of its associated persons. Most of the firm's representatives used email addresses hosted by the vendor's server. A small subset of representatives were approved to host their email addresses for the firm's business-related emails utilizing an email server outside of the vendor provided that they worked with the vendor to implement an available journaling function whereby their emails would be automatically transmitted from the outside server to the vendor's system for retention by the firm. The findings also stated that various disruptions or failures not caused by the firm occurred in the journaling process or function that affected outside servers impacting certain business-related emails of the firm's representatives, including representatives who had left the firm. During this period of the journaling disruptions, emails were not journaled from the affected servers to the vendor's system and accordingly certain emails were not retained in the vendor's system. Upon identification of the issue, the firm corrected the journaling issue and retrieved a majority of the affected emails, subjecting them to the firm's email review protocol with the exception of emails of roughly 10 former firm representatives, which were not recovered. (**FINRA Case #2011025484001**)

W.R. Hambrecht + Co., LLC (CRD #45040, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $75,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish an AML Compliance Program (AMLCP) that included adequate procedures pertaining to due diligence of correspondent accounts for foreign financial institutions. The findings stated that the due diligence program for correspondent accounts described in the firm's AMLCP was inappropriately limited to foreign banks, when it should have encompassed accounts of all appropriate foreign financial institutions, including foreign broker-dealers. The firm failed to conduct adequate due diligence on a particular correspondent account opened for a foreign broker-dealer by failing to conduct an adequate assessment tailored to the money-laundering risks presented by this correspondent account and failed to apply procedures reasonably designed to detect and report known or suspected money laundering activity in the account. Consequently, the firm failed to establish and implement an AMLCP reasonably designed to achieve compliance with certain of the relevant portions of the Bank Secrecy Act and the implementing regulations thereunder. The findings also stated that the firm failed to implement an AMLCP reasonably designed to detect and cause the reporting of suspicious transactions indicative of possible violations of applicable laws or regulations in a correspondent account established by a foreign broker-dealer. The foreign broker-dealer executed securities transactions on behalf of its foreign customers in the correspondent account. The firm's procedures were not tailored to the risks presented by this arrangement. All transactions in the correspondent account appeared in the firm's books and records simply as transactions of the foreign broker-dealer. The firm's AMLCP was not reasonably designed to detect potentially violative activities conducted by the foreign broker-dealer's customers. Without sufficient information about the underlying customers for whom the trades were made, it was impossible for the firm to determine,

for example, whether or not the security was being bought and sold between accounts of the same beneficial owner, which could indicate an attempt to manipulate the price of the security. The correspondent account also engaged in high-volume liquidations of low-priced securities and without sufficient information about the underlying customers for whom the trades were made, it was impossible for the firm to determine whether or not these securities had a registration statement in effect or if an exemption from the requirements of Section 5 of the Securities Act of 1933 applied to the sales. The findings also included that the firm conducted an annual independent test for compliance that was inadequate because its review of suspicious activity was inadequate. The firm failed to create and maintain an accurate blotter of all securities received and delivered. The firm permitted one of its co-CEOs to engage in active management of the firm's securities business without appropriate registration with FINRA in any principal capacity. Specifically, the co-CEO provided signature approval on senior management's behalf on the firm's annual certification of compliance and supervisory processes and for the firm's AMLCP. (**FINRA Case #2011025641001**)

Individuals Barred or Suspended

Marcus Randolf Albers (CRD #3259953, Registered Representative, Scottsdale, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Albers consented to the described sanctions and to the entry of findings that he entered into a written profit participation agreement for compensation, premised on his prior sales activities, in addition to gross dealer concessions paid by his member firm on sales of firm-approved private placements from the sponsor of the securities. The findings stated that Albers' firm approved the sale of a private placement offered by a sponsor to accredited investors and at the same time, entered into a selling agreement with the sponsor wherein the sponsor agreed to pay the firm a 2 percent gross dealer concession on sales of the fund, along with trail concessions. Over a four-year period, firm customer accounts invested approximately $57 million in the fund. Unbeknownst to the firm, Albers executed an agreement with the sponsor premised on his previous sales in which the sponsor agreed to pay .26 percent of its net profits on a quarterly basis to him. For approximately one year, the firm paid a total of approximately $34,143 to Albers pursuant to the terms of the agreement. This compensation was in addition to the gross dealer concessions the firm paid to Albers. The findings also stated that by entering into the agreement, Albers engaged in an outside business activity outside the scope of his employment with his firm and failed to give the firm prompt written notice.

The suspension was in effect from January 21, 2014, through February 3, 2014. (**FINRA Case #2011026915703**)

Randolf John Albers (CRD #850048, Registered Principal, Paradise Valley, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Albers consented to the described sanctions and to the entry of findings that he entered into a written profit participation agreement for compensation, premised on his prior sales activities, in addition to gross dealer concessions his member firm paid on sales of firm-approved private placements from the sponsor of the securities. The findings stated that Albers' firm approved the sale of a private placement offered by a sponsor to accredited investors and at the same time, entered into a selling agreement with the sponsor wherein the sponsor agreed to pay the firm a 2 percent gross dealer concession on sales of the fund, along with trail concessions. Over a four-year period, firm customer accounts invested approximately $57 million in the fund. The findings also stated that unbeknownst to the firm, Albers executed an agreement with the sponsor premised on his previous sales in which the sponsor agreed to pay 2.81 percent of its net profits on a quarterly basis to a family trust, over which Albers and his wife were trustees and owners. For over a year, the sponsor paid a total of approximately $326,335 to Albers pursuant to the terms of the agreement. The findings also included that this compensation was in addition to the gross dealer concessions the firm paid to Albers. FINRA found that by entering into the agreement, Albers engaged in an outside business activity outside the scope of his employment with his firm and failed to give the firm prompt written notice.

The suspension is in effect from January 21, 2014, through February 19, 2014. (**FINRA Case #2011026915702**)

Robin Carl Andriola (CRD #1359684, Registered Representative, Yonkers, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $12,000 and suspended from association with any FINRA member in any capacity for eight months. The fine must be paid either immediately upon Andriola's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Andriola consented to the described sanctions and to the entry of findings that he failed to amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose material information concerning unsatisfied federal tax liens.

The suspension is in effect from January 6, 2014, through September 5, 2014. (**FINRA Case #2011029866301**)

Charles William Apodaca (CRD #1604427, Registered Principal, Eagle, Idaho) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Apodaca consented to the described sanction and to the entry of findings that he effected purchases and sales of securities in customer accounts. The findings stated that Apodaca did not receive the customers' authorization to effect any of the transactions and the customers

never granted Apodaca discretionary authority over their accounts. The findings also stated that FINRA sent Apodaca a request to appear and provide testimony in connection with FINRA's investigation of the unauthorized transactions. Apodaca informed FINRA by telephone that he would not provide the requested testimony, and he failed to appear and provide the requested testimony. (**FINRA Case #2012032562801**)

Katie Lynn Atwood (CRD #5330883, Registered Representative, Onondaga, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Atwood's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Atwood consented to the described sanctions and to the entry of findings that FINRA interviewed her by telephone in connection with its investigation of an associated person—one of Atwood's former colleagues—and during the interview, Atwood, a Michigan-commissioned notary public, falsely represented that she had traveled to the associated person's office and witnessed and notarized customers' signatures on paperwork. The findings stated that Atwood told FINRA staff that she maintained a handwritten log of her notarizations and that it reflected an entry for both customers. FINRA staff orally requested that Atwood email FINRA a copy of the handwritten notary log, which she did. The log was created after the fact, and Atwood did not maintain such a log. The findings also stated that when Atwood's firm interviewed her regarding the customers' account paperwork, she similarly falsely represented that she attended the client meeting at the associated person's office and notarized the customers' signatures. The findings also included that FINRA conducted an on-the-record interview of Atwood, during which she admitted that she had neither attended the client meeting nor notarized the customers' signatures. The associated person forged Atwood's notary signature without her knowledge or consent. Atwood learned of his actions at a later date when he admitted to her what he had done.

The suspension is in effect from January 6, 2014, through July 5, 2014. (**FINRA Case #2013036021702**)

Robert Lee Bateman (CRD #1459540, Registered Representative, Ogden, Utah) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $25,000 and suspended from association with any FINRA member in any capacity for 18 months. The fine must be paid either immediately upon Bateman's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Bateman consented to the described sanctions and to the entry of findings that he improperly borrowed $80,000 from his firm's customers and accepted gifts totaling $151,000 from firm customers in violation of his firm's policies and procedures. In each instance, Bateman created a promissory note that specified a time for repayment and

an interest rate. The findings stated that Bateman misrepresented on firm compliance questionnaires that he was in compliance with the firm's policies and procedures concerning borrowing from customers, accepting gifts from customers and issuing promissory notes. The customers who gave Bateman gifts refused to accept repayment from Bateman for their respective gifts, and the customers who loaned Bateman money were repaid in full.

The suspension is in effect from January 6, 2014, through July 5, 2015. (**FINRA Case #2012034066901**)

Bryon James Bennett (CRD #4610205, Registered Principal, Baton Rouge, Louisiana) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Bennett's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Bennett consented to the described sanctions and to the entry of findings that he failed to timely respond to FINRA requests for information and documents. The requests were issued as part of an investigation concerning Bennett's possible outside business and securities account activity violations.

The suspension is in effect from January 6, 2014, through July 5, 2014. (**FINRA Case #2013035989102**)

Joshua E. Betancourt (CRD #4565704, Registered Representative, Elmwood Park, Illinois) submitted an Offer of Settlement in which he was fined $15,000 and suspended from association with any FINRA member in any capacity for two years. Without admitting or denying the allegations, Betancourt consented to the described sanctions and to the entry of findings that he failed to give prompt written notice to his member firm that he was the sole owner and principal of an entity, that he was responsible for all activities and supervision at the entity, that the entity was a commodity trading adviser and introducing broker placing commodity transactions, and that he was receiving a share of the commissions earned from commodities transactions that were effected by the entity. Betancourt was paid approximately $63,354 in commissions. The findings stated that Betancourt completed annual compliance questionnaires that contained false representations regarding his outside business activities and submitted them to the firm. The findings also stated that Betancourt willfully failed to timely amend his Form U4, and willfully completed, signed and filed a false amended Form U4 in regards to his outside business activities. The findings also included that Betancourt responded untruthfully and in a misleading manner when he discussed the extent of his involvement and role in the entity, both in a written response to a FINRA letter and in sworn testimony before FINRA.

The suspension is in effect from January 6, 2014, through January 5, 2016. (**FINRA Case #2009017543501**)

Shelby Lee Bowles (CRD #1982481, Registered Principal, Newburg, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $40,000 and suspended from association with any FINRA member in any capacity for 10 months. The fine must be paid either immediately upon Bowles' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Bowles consented to the described sanctions and to the entry of findings that he served as the power of attorney, trustee, executor and sole beneficiary to a customer without disclosing these activities to his firm. The findings stated that Bowles prepared a trust agreement and a last will and testament for the customer. The customer executed the trust agreement to house her assets, which exceeded $1,000,000 in the trust. The trust agreement appointed Bowles as the sole trustee and at some later date, Bowles appointed his wife as the beneficiary of the trust. The findings also stated that Bowles falsely represented on multiple occasions on firm compliance forms and to firm personnel that he had not been named as a beneficiary, trustee, executor or power of attorney for any client, and would not serve as such without the firm's prior written approval, even though he was serving as the customer's power of attorney at the time and did not seek or receive the firm's prior written approval. The findings also included that Bowles falsely stated to his supervisor that he had disclosed all outside business activities and failed to disclose that he served as the customer's trustee and power of attorney. FINRA found that Bowles failed to respond to FINRA requests for personal federal and state tax returns, and certain bank account statements.

The suspension is in effect from December 16, 2013, through October 15, 2014. (**FINRA Case #2012031886901**)

Kenneth Earl Brown (CRD #32593, Registered Representative, Fredericksburg, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for three months. In light of Brown's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Brown consented to the described sanction and to the entry of findings that he offered and sold fractional undivided unit interests in an oil, gas and/or mineral prospect, pursuant to an exemption from registration provided by Section 4(2) of the Securities Act of 1933 and Rule 506 of Regulation D promulgated by the SEC. The findings stated that Brown's member firm was the sole placement agent for the private offering and Brown received sales compensation. Brown purchased one unit interest in the private offering. Brown received a $35,000 check from the managing member of the issuer payable from the issuer's operating account, who informed him the check was a gift. Brown's firm permitted the gift, which related to the firm's business and the private offering. The findings also stated that Brown cashed the check in contravention of NASD Rule 3060(a), which prohibits an associated person from receiving anything of value, including a gratuity or gift, over $100 per year per individual, where such gratuity is in relation to the business of the recipient's employer.

The suspension is in effect from January 6, 2014, through April 5, 2014. (**FINRA Case #2011027043201**)

George Bussanich (CRD #4552414, Registered Representative, Upper Saddle River, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bussanich consented to the described sanction and to the entry of findings that he failed to completely respond to a FINRA request for documents and information regarding allegations he engaged in undisclosed outside business activities and/or private securities transactions away from his member firm, including ones involving firm customers. The findings stated that Bussanich failed to respond to a FINRA request to appear for on-the-record testimony. (**FINRA Case #2013037970601**)

Pamela Jo Caldero (CRD #2044379, Registered Principal, Sequim, Washington) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Caldero's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Caldero consented to the described sanctions and to the entry of findings that she borrowed $150,000 from a customer at her firm. The findings stated that Caldero had an existing mortgage on a piece of undeveloped land and the customer agreed to pay off that mortgage. Caldero then executed a promissory note whereby she agreed to repay that amount to the customer over a five-year term at an interest rate of 7 percent per year, with minimum monthly payments of $997.95. The loan was secured by a deed of trust to the property. Caldero made the required payments for more than two years. Due to Caldero's default on the loan, the customer received the land through a deed in lieu of foreclosure. The findings also stated that at the time of the loan, the firm's procedures prohibited borrowing from customers, though they did indicate that exceptions could be made in limited circumstances. Caldero never applied for any such exception, never provided written notice to her firm about the loan, nor did she obtain approval for it. Caldero completed a firm-administered compliance questionnaire in which she falsely denied that she had borrowed money from a client.

The suspension is in effect from January 6, 2014, through July 5, 2014. (**FINRA Case #2013036974601**)

Gary Joel Chackman (CRD #1705039, Registered Principal, North Wales, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Chackman consented to the described sanction and to the entry of findings that he recommended real estate investment trusts (REITs) and other alternative investments to his member firm customers. The findings stated that the investments were purchased

at periodic intervals in each of their accounts. To evade the firm's limitation on the concentration of alternative investments in customers' accounts, Chackman regularly misidentified his customers' purported liquid net worth on a required firm form, the alternative investment purchase form. The findings also stated that as a result of Chackman's misrepresentations on those forms, his customers' concentration in alternative investments, gauged as a percentage of their purported liquid net worth, remained below the firm's limitations. By falsifying the alternative investment purchase forms, Chackman increased his sales of alternative investments, but his unsuitable recommendations over-concentrated his customers' assets in illiquid alternative investments. By misrepresenting his customers' purported liquid net worth on the alternative investment purchase forms, Chackman evaded the firm's supervision, and caused the firm's books and records to be inaccurate. (**FINRA Case #2012031742301**)

Harpreet Singh Chadha (CRD #3276012, Registered Representative, Saratoga, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Chadha's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Chadha consented to the described sanctions and to the entry of findings that he borrowed 8 million rupees (equivalent to approximately $200,000) from his customer. The findings stated that Chadha did so without providing any type of notice to his firm. At the time of the loan, the firm's procedures prohibited loans from customers under all circumstances.

The suspension was in effect from December 16, 2013, through January 15, 2014. (**FINRA Case #2012034754301**)

Garrett Lee Chase (CRD #2515964, Registered Representative, Atlanta, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Chase's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Chase consented to the described sanctions and to the entry of findings that his firm distributed research reports Chase authored covering an issuer, a NYSE-listed company. The findings stated that Chase was engaged in discussions with the issuer about going to work directly for the issuer, and he had taken several concrete steps to explore that employment opportunity, discussing the opportunity with several high-level executives, including the issuer's president. Chase received a nonbinding term sheet from the issuer outlining the compensation the issuer expected to pay Chase if he accepted a job there, including an equity award to be granted upon Chase's hire. The issuer released a press release stating, among other things, that Chase would join the issuer as Senior Vice President – Financial

Planning & Analysis and Investor Relations. Chase's compensation and equity upon joining the issuer was the same as that outlined in the term sheet. The findings also stated that Chase did not disclose to anyone at his firm, prior to or in his research reports covering the issuer, that he was taking concrete steps to explore an employment opportunity at the issuer or that he received a term sheet outlining the compensation he would receive if he went to work directly for the issuer, including an equity award. Chase's employment discussions with the issuer and his financial interest in the issuer posed a material conflict of interest which should have been disclosed in the research reports. Chase's failure to disclose that material conflict of interest rendered the reports misleading.

The suspension is in effect from January 6, 2014, through January 5, 2015. (**FINRA Case #2012032118101**)

Michael John Cecil Chatwin (CRD #1030506, Registered Principal, Chobham Surrey, England) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any principal capacity for three months. The fine must be paid either immediately upon Chatwin's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Chatwin consented to the described sanctions and to the entry of findings that he was his firm's compliance officer and sole general securities principal. The findings stated that the firm's WSPs stated that Chatwin's responsibilities included overall supervisory control of all procedures, compliance and personnel, and that the compliance officer/general securities principal or compliance officer monitors all customer transactions on a daily basis for suitability. Two firm registered representatives found investors who invested more than five million dollars in private placements for five different companies. Chatwin did not conduct any reviews to determine whether the investments were suitable for the investors.

The suspension is in effect from January 6, 2014, through April 5, 2014. (**FINRA Case #2010021298801**)

Joanne Rein Coleman (CRD #1135634, Registered Representative, Burbank, California) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $7,500 and suspended from association with any FINRA member in any capacity for 45 days. The fine must be paid either immediately upon Coleman's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Coleman consented to the described sanctions and to the entry of findings that she falsely attested on her firm's wire transfer request form that a customer was contacted regarding a wire transfer request and that she verbally confirmed the disbursement with the customer. As a result, Coleman caused her firm to maintain false books and records concerning the wire transfer request. The findings stated that an individual posing as a

firm customer sent an email to Coleman with instructions authorizing a $24,800 domestic wire transfer from the customer's individual retirement account (IRA) to an unrelated third-party bank account. Although the firm's WSPs and procedures required verbal confirmation from the customer prior to processing wire transfer requests, Coleman falsely represented in documents she provided to the firm that a broker verbally confirmed the wire transfer request with the customer. The findings also stated that Coleman further misrepresented in documents provided to the firm that she verbally confirmed a routing number with the customer. Coleman made these false entries despite recently serving a firm-imposed suspension for engaging in similar misconduct. The imposter requested an additional $10,200 be wired from the customer's IRA. Coleman because suspicious as the request came from a different email address than the customer's known email address. Coleman called the customer to verify the request, and the customer informed her that he never made any wire transfer requests. Coleman immediately contacted her administrative manager and informed her about the fraudulent wire transfer requests. The firm fully reimbursed the customer $24,824, representing the amount of the wire plus a $25 wire transfer fee. As a result, the customer's IRA did not suffer any losses. The firm terminated Coleman in connection with this matter.

The suspension is in effect from January 6, 2014, through February 19, 2014. (**FINRA Case #2012032995401**)

Carlo Wayne Corzine (CRD #1928723, Registered Principal, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 30 business days. In light of Corzine's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Corzine consented to the described sanction and to the entry of findings that he participated in the sale into the public markets of more than 152 million unregistered shares of a thinly-traded OTC security on behalf of his customers, including the president and CEO of the issuer and other accounts he controlled. The findings stated that Corzine's customers opened accounts at his member firm through which they deposited and sold large amounts of the stock, then immediately wired the sale proceeds out of the accounts. These sales resulted in proceeds of approximately $570,000 to the customers. The findings also stated that Corzine failed to perform adequate due diligence prior to the execution of these sales, notwithstanding his duty to do so, and the red flags indicating suspicious activities and potential violations of the registration requirements of the Securities Act of 1933. Because the stock was unregistered, it could not be sold absent an applicable exemption from registration. No exemption was available under the circumstances. The findings also included that Corzine did not adequately investigate the veracity of representations contained in a letter from the company's president and CEO pertaining to the stock that accompanied many of the company's deposits, nor did he, in some instances, independently verify certain relevant and material information the customer provided pertaining to the stock.

The suspension is in effect from January 6, 2014, through February 18, 2014. (**FINRA Case #2011029206501**)

Michael Stephen Cox (CRD #846068, Registered Supervisor, West Chester, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for eight months. The fine must be paid either immediately upon Cox's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Cox consented to the described sanctions and to the entry of findings that he forged a customer's name on IRA forms to process required annual minimum IRA distribution from the customer's IRA account, without the customer's authorization, causing a total of $7,192.25 to be distributed to the customer from his IRA account. The findings stated that Cox caused his firm's books and records to be inaccurate. The findings also stated that Cox forged the customers' names on an LOA to transfer $100,000 from their securities account to his securities account at the firm. Around the same time, Cox forged the name of an individual, without the individual's authorization, on a letter stating that the individual had witnessed the customers sign the LOA. Cox never used the LOA to transfer money to his account.

The suspension is in effect from January 6, 2014, through September 5, 2014. (**FINRA Case #2013036215801**)

Charles William Doller III (CRD #2389795, Registered Principal, Yorktown Heights, New York) submitted an Offer of Settlement in which he was fined $20,000 and suspended from association with any FINRA member in any principal capacity for two years. The fine must be paid either immediately upon Doller's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Doller consented to the described sanctions and to the entry of findings that he failed to supervise an individual who engaged in a scheme to defraud, in violation of Sections 10(b) and 15(c)(1)(A) of the Securities Exchange Act of 1934 and Rules 10b-5 and 15c1-2 thereunder. The findings stated that Doller was the president and co-owner of a former member firm, and was responsible for supervising the trading activities of the firm's co-owner, but failed to detect or prevent the individual from engaging in a scheme to defraud the firm's customers and another entity in order to cover losses caused by the individual's improper day trading millions of dollars of stock in the firm's average price account. The findings also stated that Doller failed to detect that the individual engaged in deceptive unauthorized trading in customer accounts, which included unauthorized purchases of 85,000 shares of stock for customers at fictitious markups averaging more than 200 percent. These unauthorized trades were charged to customer accounts in order to mask losses incurred by the individual's improper day trading and resulted in customer losses exceeding $500,000. The findings also included that Doller failed to adequately supervise the individual's trading activities in the individual's personal brokerage account at the firm, as well as trades effected in the individual's wife's brokerage account. In a letter to FINRA, Doller represented that he would supervise the individual's trading in

customer accounts, would subject the individual to heightened supervision by performing daily reviews of all trade tickets the individual submitted, and would randomly choose one trading day per month and closely review the individual's trading activities. Neither Doller nor the individual ever revised the firm's WSPs to include the methodology for supervising the individual's trading activities as detailed in the letter to FINRA.

FINRA found that Doller failed to adequately perform daily reviews of the individual's order tickets or conduct random reviews of transactions the individual entered during any particular trading day. Doller did not regularly review exception reports the firm's clearing firm made available to determine whether the individual's trading activities warranted further supervisory review. Doller had access to daily trade blotters and trade confirmations that would have enabled him to review any trades the individual effected. Had Doller reviewed trading activity as part of his efforts to supervise the individual's trading in customer accounts, he would have discovered red flags that would have prompted him to more closely review the individual's trading, which may have led him to discover that the individual was improperly using the average price account to engage in day trading. Doller failed to determine that the individual defrauded firm customers and another entity in order to cover losses that the individual caused to the average price account. FINRA also found that had Doller implemented the procedures for reviewing and monitoring the individual's trading activity as detailed in his letter to FINRA, Doller could have detected and prevented the individual from engaging in fraudulent customer transactions and unauthorized trading in customer accounts.

The suspension is in effect from January 6, 2014, through January 5, 2016. (**FINRA Case #2012033522902)**

Juliann Lee Dybvik (CRD #5512146, Registered Representative, Elgin, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $7,500 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Dybvik's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Dybvik consented to the described sanctions and to the entry of findings that she received money from an elderly customer on several occasions in the form of personal checks, and received a $50,000 check as a loan from the customer without entering into a formal loan arrangement or identifying an interest rate for the loan. The findings stated that Dybvik has not repaid any of the money received from the customer. The findings also stated that Dybvik did not disclose the loan to her firm, which was contrary to the firm's written policies prohibiting registered representatives from borrowing money from firm customers. Dybvik falsely stated on firm annual compliance questionnaires that she had not borrowed funds from any firm customer.

The suspension is in effect from January 6, 2014, through April 5, 2014. (**FINRA Case #2012031094801**)

Russell Marcus Eaton (CRD #2975709, Registered Principal, Frisco, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Eaton consented to the described sanction and to the entry of findings that he failed to respond timely to FINRA requests for information that he had recommended certain ETFs and failed to appear for testimony before FINRA. Eaton's failures to comply with FINRA's requests for information and testimony impeded FINRA's investigation. (**FINRA Case #2012033249301**)

Tom David English (CRD #2459450, Registered Principal, Encinitas, California), Thomas Edward Hanson (CRD #2490794, Registered Principal, San Diego, California) and Warren Rees Horney (CRD #2308641, Registered Principal, Solana Beach, California) submitted Offers of Settlement in which English was barred from association with any FINRA member in any capacity. Hanson and Horney were each fined $5,000 and suspended from association with any FINRA member in any principal capacity for six months. The fines must be paid either immediately upon Hanson and Horney's reassociation with a FINRA member firm following their suspensions, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier.

Without admitting or denying the allegations, English, Hanson, and Horney consented to the described sanctions and to the entry of findings that English made unsuitable recommendations to customers to purchase speculative and illiquid private placements and non-traded REITs (collectively, alternative investments) without having a reasonable basis to believe these investments were suitable for the customers' financial situations and needs. Some of the customers were elderly, some did not have any liquid assets other than the proceeds of their home equity refinance, all had limited incomes and net worth, and they were unsophisticated and inexperienced investors. The findings stated that English knowingly submitted investment documents to his firm that he knew inaccurately described customers' financial statuses, including their income, net worth, investment experience and status as accredited investors. English also willfully omitted to disclose material information in connection with a customer's purchase of a bond, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Hanson consented to the entry of findings that he, as the firm's CCO, was responsible for maintaining and updating the procedures. Hanson failed to discharge his responsibilities adequately because the firm's WSP procedures were not reasonably designed to achieve compliance with applicable securities laws and rules. The majority of the firm's business involved the sale of private placements and non-traded REITS, yet there wasn't any written procedure governing the extent to which a customer's investments could be concentrated in these illiquid and speculative investments. Although the firm had a computerized database that captured all of a customer's prior alternative investments through the firm, there wasn't any procedure directing Horney, the supervisor responsible for approving each transaction, to use the system to monitor the suitability of any individual transaction. Although the firm representatives were selling illiquid partnership interests in raw land through the firm's affiliate, there wasn't any procedure to review the extent to which a

customer had purchased these land interests when reviewing the suitability of a securities recommendation. The firm did not have any written procedures for reviewing and/or approving recommendations involving secondary transactions. In addition, although certain of the firm's representatives were collaborating with a mortgage broker and some representatives had recommended the purchase of securities with the proceeds of liquefied home equity, the firm did not have any procedures addressing the use of home equity, did not have a process or procedure for identifying investments purchased with home equity proceeds, and did not have a procedure for ensuring these risky transactions were suitable. Horney consented to the entry of findings that stated that he was the firm's senior vice president of due diligence, and was responsible for reviewing, approving and ensuring that each particular recommendation by the firm's representatives was suitable. He failed to exercise his authority reasonably for reviewing and approving the suitability of alternative investment recommendations. The findings stated that by systematically neglecting to use the firm's computerized database system that allowed firm personnel to view every alternative investment that a client had purchased through the firm, Horney failed to use the firm's only automated system for preventing and detecting overconcentration of customer accounts in illiquid investments. Horney failed to investigate red flags suggesting that English was over-concentrating customer accounts, making unsuitable recommendations, and submitting falsified direct purchase applications and subscriptions agreements. Notwithstanding these red flags, Horney did not take any action. Horney never contacted any of the customers; never inquired about any particular transaction; never attempted to determine if these investors had also purchased land through the firm's affiliate, an entity which marketed and sold purported general partnership interests in raw land; and did not use the firm's computerized database system to check whether English had recommended any other alternative investments to these customers. Horney's review was limited to reviewing documents for each transaction, in isolation.

Hanson's suspension is in effect from January 6, 2014, through July 5, 2014. Horney's suspension is in effect from January 6, 2014, through July 5, 2014. (**FINRA Case #2010022598501**)

Stuart Alan Epley (CRD #3104478, Registered Representative, Rogers, Arkansas) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for three months. In light of Epley's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Epley consented to the described sanction and to the entry of findings that he exercised discretion without written authorization by effecting transactions in customers' accounts without obtaining the customers' prior written authorization and without having his member firm's acceptance of the accounts as discretionary. The firm did not permit discretionary trading with the exception of very limited use of time and price discretion. The findings stated that Epley solicited unapproved securities in customers' accounts. Epley mismarked order tickets in order to purchase leveraged ETFs in the customers' accounts. The ETF transactions were all listed as unsolicited even though Epley had solicited them.

Epley mismarked the leveraged ETF transactions as unsolicited because the firm prohibited registered representatives from recommending leveraged ETFs. Epley's mismarking of the order tickets caused the firm's books and records to be inaccurate regarding these trades.

The suspension is in effect from January 6, 2014, through April 5, 2014. (**FINRA Case #2012032504801**)

John A. Escobar (CRD #5522037, Registered Representative, Toledo, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $2,500 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Escobar consented to the described sanctions and to the entry of findings that he failed to timely amend his Form U4 to report an unsatisfied tax lien and an unsatisfied judgment filed against him.

The suspension is in effect from January 21, 2014, through February 18, 2014. (**FINRA Case #2012031673101**)

Randall James Ferris (CRD #5242235, Registered Representative, Portland, Oregon) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ferris consented to the described sanction and to the entry of findings that he obtained access to unauthorized written materials containing information relevant to the content of an examination. The findings stated that Ferris took the Series 24 qualification examination at a test center and brought with him one page of handwritten notes related to subjects covered in the examination. Before the Series 24 examination began, Ferris placed the notes and his other belongings in a locker outside the testing room. During the examination, Ferris took an unscheduled break, went to his locker and removed his handwritten notes before an employee of the test center approached him and confiscated the notes. (**FINRA Case #2012031772601**)

Stephen Robert Finkernagel (CRD #1953675, Registered Representative, Pocono Lake, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $7,500 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Finkernagel's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Finkernagel consented to the described sanctions and to the entry of findings that the Internal Revenue Service (IRS) and the State of Pennsylvania filed tax liens for a total of approximately $238,855 against him, which remain unsatisfied. The findings stated that Finkernagel willfully failed to timely amend his Form U4 to disclose the unsatisfied tax liens. While Finkernagel was associated with the firm, he completed annual questionnaires in which he falsely answered "no" to a question asking whether he had any events to disclose on his Form U4, including unsatisfied liens.

The suspension is in effect from December 16, 2013, through March 15, 2014. (**FINRA Case #2012035193801**)

Donald Eugene Fox (CRD #5801962, Registered Representative, Graniteville, South Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Fox consented to the described sanction and to the entry of findings that, while serving in a registered capacity with a member firm and concurrently employed by an insurance company, he misappropriated funds totaling $16,000 from an insurance customer. The findings stated that the insurance customer was not a client of the firm or the insurance company. Fox, without the knowledge or authority of the insurance customer or the insurance customer's designated conservator, forged the conservator's signature on annuity withdrawal request forms. Fox then submitted the forged forms to the annuity company and withdrew $16,000 from the fixed annuity the insurance customer owned. Fox used the proceeds of the annuity checks to pay his own personal expenses. (**FINRA Case #2012035169501**)

Jerome Louis Fritsche II (CRD #214946, Registered Representative, Colorado Springs, Colorado) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 20 business days. In light of Fritsche's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Fritsche consented to the described sanction and to the entry of findings that he participated in private securities transactions by selling promissory notes for the purpose of raising money for a corporate finance entity that he had created. The findings stated that Fritsche sold the notes to investors, raising a total of $60,000, for which he was anticipated to receive compensation. The investors were not his member firm's customers. Fritsche failed to provide prior written notification to the firm, and failed to obtain the firm's prior written permission to participate in these private securities transactions. Fritsche failed to disclose these private securities transactions when completing the firm's annual compliance questionnaire.

The suspension is in effect from January 21, 2014, through February 18, 2014. (**FINRA Case #2011027239701**)

Phillip Michael Gainey (CRD #1138401, Registered Principal, Jacksonville, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 45 business days. The fine must be paid either immediately upon Gainey's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Gainey consented to the described sanctions and to the entry of findings that he made sales of equity-indexed annuities in the total amount of approximately $210,000. The findings stated that the indexed annuities were not products offered or sponsored by Gainey's firm, and Gainey did not provide prior written notice to his firm of his intent to sell the indexed annuities. Gainey earned commissions on the sales. The findings also stated that Gainey submitted monthly compliance questionnaires that failed to disclose the outside activity.

The suspension is in effect from December 16, 2013, through February 20, 2014. (**FINRA Case #2013035913001**)

Reginald George (CRD #5304658, Registered Representative, New York, New York) was barred from association with any FINRA member in any capacity and ordered to pay $34,025, plus interest, in restitution to a customer. The sanctions were based on findings that through wire transfers and electronic checks, George converted a total of $34,025 in funds from a customer's account at his member firm. George took advantage of the customer's active military deployment in Iraq. The findings stated that George prepared new account forms for the customer's account at the firm, signed the customer's signature and submitted the forms to the firm. The customer permitted George to sign the new account forms on his behalf, but the signatures were not accompanied by an indication that George signed them or that he had the customer's permission to do so. George used the funds for his own purposes. The customer did not authorize or consent to any of the wire transfers and electronic checks, George did not own the funds from the wire transfers and electronic checks, and was not entitled to possess those funds. The findings also stated that to facilitate his conversion of funds from the customer's account, George fabricated and then submitted to his firm signed LOAs to which he had signed the customer's name, LOAs in the form of emails that he altered so that the LOAs appeared to be from the customer, and a letter to which he signed the customer's name, explaining why the customer was purportedly transferring funds out of his account. The customer did not have advance knowledge of, authorize or consent to the signed LOAs, email LOAs or the letter, nor did the customer authorize or consent to George signing any of the signed LOAs or letter. The findings also included that George executed securities sales, totaling $20,887.11 in proceeds, from the customer's account. The customer did not authorize or consent to any of these transactions and these securities sales provided, in part, the funds in the customer's account that George converted.

FINRA found that George sent the customer communications from his personal email account that concerned firm or investment-related business. All of the emails were communications that the firm was required to retain in conformance with applicable recordkeeping requirements. George did not notify his firm that he was using his personal email account to communicate with customers or for any other business-related purpose, nor did George at any time provide or otherwise make available to the firm for its review or retention a copy of any of the emails. FINRA also found that George failed to respond timely to FINRA requests for information and documents. (**FINRA Case #2009019875002**)

Violeta Maria Godoy Zuniga (CRD #5792585, Registered Representative, Doral, Florida) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Godoy Zuniga consented to the described sanction and to the entry of findings that she misappropriated $7,000 from a bank customer for personal use. The findings stated that Godoy Zuniga assisted a bank customer in opening a new savings account.

The customer instructed Godoy Zuniga to withdraw $8,000 from an existing account, and to deposit the funds in the newly opened account. However, Godoy Zuniga deposited $1,000, and kept the remaining $7,000 for personal use. During a subsequent visit to the bank, Godoy Zuniga approached the customer outside of the bank and informed him that she had taken the funds from his account but would return the funds to him, and asked him not to report the misappropriation to management. Subsequently, the customer filed a police report. The bank was notified of potential misconduct and terminated Godoy Zuniga's employment. The bank provided restitution to the customer. (**FINRA Case #2013037774301**)

Jason Michael Goldstein (CRD #5062149, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Goldstein consented to the described sanctions and to the entry of findings that his member firm required its employees to complete annually an online training program in professional conduct. The findings stated that Goldstein received an email from his firm notifying him that he was scheduled to complete certain online courses for the firm's internal training program. Goldstein was required to personally complete the online courses. Goldstein requested his sales assistant take certain training courses for him and provided the sales assistant with his password for the firm's online training system. The sales assistant logged onto the firm's training system as Goldstein and completed two online training courses for Goldstein.

The suspension was in effect from January 6, 2014, through February 3, 2014. (**FINRA Case #2012033318101**)

Wendy L. Goodine (CRD #4248572, Registered Representative, Narragansett, Rhode Island) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Goodine consented to the described sanction and to the entry of findings that she received an insurance premium payment check for $3,081 from a married couple who wanted to purchase a long-term care insurance policy. The findings stated that the customers contacted Goodine several times after they did not receive a policy package. Goodine assured the customers that the policy information was a formality and that she would forward it in the immediate future. Thereafter, one of the customers contacted Goodine when he did not receive a premium notice. Goodine visited the customers at their home with an invoice on company letterhead containing the policy number and premium amount due. The customers provided a $3,081 check to Goodine, who submitted the check to her firm. The firm rejected the insurance policy and returned the premium check to Goodine. The findings also stated that Goodine, rather than forwarding the check to the customers, and without permission or authority, forged the signature of one of the customers on the check and deposited the check into her personal checking account. Goodine misappropriated the customers' funds for her personal benefit. (**FINRA Case #2013038272902**)

John Leonard Gourdin (CRD #2540161, Registered Representative, Owings Mills, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for two months. The fine must be paid either immediately upon Gourdin's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Gourdin consented to the described sanctions and to the entry of findings that he maintained unapproved websites that contained communications that failed to provide balanced presentations and/or a sound basis for evaluating information; failed to disclose that securities investments involve risk, including the possible loss of principal invested; failed to identify products being promoted; failed to provide an explanation of their restrictions, costs and charges; were exaggerated or misleading; and failed to disclose material differences between investments. The findings stated that Gourdin failed to comply with the requirement that advertisements and sales literature concerning registered investment companies be filed with FINRA's Advertising Regulation Department within 10 business days of first use or publication. The findings also stated that Gourdin operated websites without his firm's approval. The firm warned Gourdin on numerous occasions verbally, in writing, and via email, that all unapproved electronic communications must be pre-approved before use, in compliance with the firm's WSPs; but Gourdin, on a number of occasions, either failed to obtain firm approval or re-activated the websites without firm approval. Gourdin failed to disclose in his advertisements which products or services his firm offered.

The suspension was in effect from December 16, 2013, through February 15, 2014. (**FINRA Case #2011030640401**)

Francis Joseph Guiltinan (CRD #1389620, Registered Principal, Pasadena, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Guiltinan failed to respond to FINRA's requests for documents and information. The findings stated that FINRA initiated an investigation after Guiltinan's member firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) reporting that Guiltinan was terminated from the firm because he had engaged in unauthorized trading and lied about it when the firm questioned him. Guiltinan's failure to respond to the requests impeded FINRA's ability to determine whether he made an unauthorized trade in a customer's account and lied to his firm. (**FINRA Case #2012033540501**)

David Randolph Haase (CRD #2534907, Registered Representative, Wayne, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $20,000, suspended from association with any FINRA member in any capacity for six weeks, and required to remain current with required payments to his former member firm. Without admitting or denying the findings, Haase consented to the described sanctions and to the entry of findings that he improperly charged personal expenses to his firm-issued credit

card and improperly used the firm's car service account for personal travel. The findings stated that the firm's WSPs prohibited employees' personal use of the corporate credit card and firm car service account. In Haase's department, in certain limited circumstances, employees were permitted to use the corporate credit card and firm car service for personal expenses and travel, as long as they reimbursed the firm within a reasonable time, usually within 30 days of the transaction date. Haase charged personal expenses on the corporate credit card but failed to timely submit expense reports to the firm, reconcile expenses or timely and fully reimburse the firm. The findings also stated that Haase entered into a written agreement with the firm to repay the agreed-upon amount of outstanding personal corporate credit card and car service expenses totaling approximately $40,000.

The suspension is in effect from January 21, 2014, through March 3, 2014. (**FINRA Case #2011028452902**)

Mark Layton Hepworth (CRD #709274, Registered Principal, Grand Prairie, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Hepworth consented to the described sanctions and to the entry of findings that by accepting trade orders from an individual who did not have authority after a customer's death, Hepworth accepted third-party discretionary orders in a customer's account without the customer's written authorization or his member firm's written approval to accept third-party orders for the customer's account. The findings stated that the customer opened an account with Hepworth's firm with Hepworth as the representative of record, and the customer's brother-in-law was listed as the Power of Attorney (POA). The firm permitted POA accounts, but prohibited the use of discretionary power in a customer's account unless the customer provided written authorization to a stated individual and had accepted the account in writing. All trades in the customer's account were directed by the brother-in-law, pursuant to the POA. Hepworth did not solicit trades for the account or offer securities advice. The findings also stated that Hepworth learned of the customer's death when the brother-in-law sent a letter to Hepworth asking to change the name on the account. When Hepworth asked the reason for the change, the brother-in-law informed Hepworth of the customer's death. Hepworth called the firm's central office and advised of the customer's death. The firm mailed paperwork to the brother-in-law to update the account. Trading in the customer's account ceased for approximately three months so the documentation on the account could be updated. No new POA was ever submitted to the firm. The findings also included that Hepworth resumed placing trades in the customer's account at the brother-in-law's direction as before the customer's death. Hepworth, however, did not verify that a new POA existed before he resumed trading the customer's account and that it was appropriate to resume trading in the customer's account at the brother-in-law's direction.

The suspension was in effect from January 6, 2014, through January 27, 2014. (**FINRA Case #2012031417901**)

Tracy Philander Holloway (CRD #5777595, Registered Representative, Winterville, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Holloway consented to the described sanction and to the entry of findings that he opened an insurance agency office and filed fraudulent insurance claims under policies his customers held. The findings stated that after filing each claim, Holloway issued a check drawn on his insurance company's account and payable to the customer. Holloway then deposited the check into his agency's bank account and retained the proceeds. Through this scheme, Holloway converted at least $50,947.56 in claims payments from his insurance company. The insurance company began investigating Holloway after a customer inquired about a claim filed under his policy that he did not recognize. When the insurance company confronted Holloway about the claim, he admitted that he had submitted the claim, that it was fraudulent, and that he had submitted other such fraudulent claims, and retained the proceeds. (**FINRA Case #2013035820601**)

Paul Douglas Holyszko (CRD #1722561, Registered Supervisor, Bay City, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Holyszko consented to the described sanction and to the entry of findings that he failed to provide FINRA-requested on-the-record testimony regarding his termination from his member firm. Through his attorney, Holyszko informed FINRA of his refusal to appear. (**FINRA Case #2012034213001**)

Bambi Iris Holzer (CRD #1088028, Registered Representative, West Hollywood, California) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Holzer consented to the described sanction and to the entry of findings that she made unsuitable recommendations to customers to invest in the offering of private placement securities without having a reasonable basis to believe that the security was suitable for the customers in light of their financial needs and situation. The findings stated that the speculative and illiquid investment was unsuitable in light of the customers' need for liquidity, income and safety of principal. Holzer's recommendations exposed the customers to an undue risk of loss of principal and income, and unduly concentrated their assets in speculative and illiquid securities. The findings also stated that Holzer submitted or caused to be submitted to her member firm disclosure documents for customers that Holzer knew, or should have known, reflected overstated and false information concerning the customers' net worth and investment objectives, and that her firm would rely on the false information in its review and approval or rejection of the customers' transactions that Holzer recommended. The findings also included that the California Department of Insurance (DOI) initiated a regulatory action and issued an accusation, along with first-amended and second-amended accusations, in a matter against Holzer. Holzer received the related documents. The DOI action, including the accusation and the amended accusations, comprised material information that Holzer willfully failed to disclose on her Form U4

at any time during her association with the firm. Holzer failed to disclose this material information on her initial Form U4 submitted to another member firm, and failed to disclose it in a timely manner on a Form U4 while registered with this firm. Furthermore, a customer's investment-related arbitration award and judgment against Holzer comprised material information that Holzer willfully failed to disclose in a timely manner on a Form U4 while registered with this second firm. (**FINRA Case #2010021778101**)

Aaron Joseph Hurst (CRD #5310827, Registered Representative, San Jacinto, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $7,500 and suspended from association with any FINRA member in any capacity for 90 days. The fine must be paid either immediately upon Hurst's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Hurst consented to the described sanctions and to the entry of findings that he made unsuitable recommendations to an elderly couple. The findings stated that both the husband and wife had limited investment experience and knowledge and their primary investment objective was income. Hurst recommended that they switch a closed-end fund (CEF), valued at approximately $35,000, into an open-end mutual fund with similar objectives and portfolio investments in domestic and foreign stocks as the CEF. At the same time, Hurst recommended to the couple that they invest the proceeds of other liquidating transactions, approximately $190,000, into growth and balanced mutual funds. As a result of Hurst's recommendations, the couple had more than 50 percent of their liquid net worth invested in equity-based mutual funds. Hurst made the recommendations without reasonable grounds to believe that the recommendations were suitable for the couple in light of the customers' ages, net worth, income, retirement status, risk tolerance and primary investment objective of income. The findings also stated that on a certain date, the field supervision director (FSD) of Hurst's firm conducted a suitability review of a variable annuity order Hurst entered and noted that the source of funds appeared to be the proceeds of an annuity liquidation that he previously refused to approve because the surrender penalty on the fixed annuity was too high. The FSD requested Hurst to identify the source of funds for the purchase. Hurst responded, in writing, that the monies came from an IRA at another firm. Hurst failed to inform the FSD that the funds comprised proceeds of the liquidation of the fixed annuity, and his response to the FSD was incomplete and inaccurate.

The suspension is in effect from December 16, 2013, through March 15, 2014. (**FINRA Case #2010022082201**)

Shoeb Hasan Ismail (CRD #4950782, Registered Representative, Seattle, Washington) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine must be paid either immediately upon Ismail's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief

from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Ismail consented to the described sanctions and to the entry of findings that he was an exclusive contractor with a firm and was permitted to sell only its products or firm-approved financial and insurance products. The findings stated that Ismail requested approval to engage in an outside business activity with a company to sell Medicare supplement plans, which his firm denied. Despite the firm's prohibition, Ismail engaged in a business relationship with the company. The findings also stated that Ismail sold an unapproved life insurance product to a relative without providing prior notice to his firm.

The suspension is in effect from January 6, 2014, through March 6, 2014. (**FINRA Case #2012034310401**)

Daniel Scott Jacobson (CRD #5025104, Registered Representative, White Plains, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Jacobson consented to the described sanction and to the entry of findings that his member firm consisted only of himself and the firm's president/CEO. The findings stated that Jacobson was responsible for administering the firm's domain and email system and assisting with the president/CEO's schedule and travel and in connection with these duties, and therefore had unfettered access to the president/CEO's email and calendar. The president/CEO was also a member of the board of directors of a publicly traded company until its acquisition by another company. Because the president/CEO often possessed material, non-public information about the company, firm employees were prohibited from trading in the stock without prior permission. Jacobson learned of the forthcoming acquisition through his work assisting the president/CEO and his access to the president/CEO's email and schedule. With this knowledge, Jacobson purchased 2,000 shares of stock of the company being acquired at $23.25 and $23.26 per share, and did not disclose his purchase of the stock to the president/CEO. The acquisition was publicly announced and the stock of the company being acquired closed up 22 percent for the day. Jacobson sold his shares of the stock for approximately $30 per share and realized a profit of approximately $13,500. The findings also stated that by purchasing the shares of stock based on material, non-public information he misappropriated from his employer, Jacobson willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and FINRA Rules 2010 and 2020. (**FINRA Case #2012035252801**)

Brian Stewart Johnson (CRD #4510220, Registered Principal, Temecula, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 10 business days. The fine must be paid either immediately upon Johnson's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Johnson consented to the described sanctions and to the entry of findings that Johnson sent an email from his firm email address to his personal email

address with attached Excel files containing customer information for firm accounts, which included information for some customers Johnson did not service at his firm. The findings stated that after Johnson was no longer registered with his firm, he retained this information regarding the firm's customers, which included customers' social security numbers and/or birthdates and constituted non-public personal information under Regulation S-P. The firm's customers were not provided with proper notice or a reasonable opportunity to opt out prior to the disclosure of their non-public personal information to Johnson, who became a non-affiliated third party of the firm when he resigned from the firm. When Johnson became a portfolio manager and director of operations with a registered investment adviser firm that was unaffiliated with his previous firm, he utilized the non-public personal information to contact or attempt to contact some of his previous firm's customers, wherein he had not been the registered representative of record at the firm.

The suspension was in effect from January 6, 2014, through January 17, 2014. (**FINRA Case #2013035959901**)

Eric DeWayne Jones (CRD #4214311, Registered Representative, Carroll, Ohio) was barred from association with any FINRA member in any capacity. Restitution was not ordered because the bank paid restitution to the customer. The sanction was based on findings that Jones forged a customer's signature on bank withdrawal forms and cashier's checks, converted a total of $8,500 from the customer's account and took personal possession of the funds without the customer's knowledge or consent. Jones did not reimburse the customer, however the bank that employed Jones paid full restitution to the customer. The findings stated that Jones failed to provide testimony and requested information and documents to FINRA. (**FINRA Case #2011029939801**)

Amanda Rose King (CRD #6123711, Associated Person, Olla, Louisiana) was barred from association with any FINRA member in any capacity. The sanction was based on findings that King wrongfully converted customer funds by signing a bank customer's name on a withdrawal slip without the customer's knowledge or consent, presented the withdrawal slip to a bank teller and withdrew $2,200 of the customer's funds. The findings stated that King failed to respond in any manner to FINRA requests that she provide testimony in the course of an investigation into the circumstances of her termination from a member firm, and she failed to appear and provide testimony. (**FINRA Case #2013035898601**)

Anthony Scott Koppenheffer (CRD #4709677, Registered Representative, Philadelphia, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Koppenheffer consented to the described sanctions and to the entry of findings that he failed to timely disclose an unsatisfied federal tax lien filed by the IRS on his Form U4.

The suspension was in effect from January 6, 2014, through February 4, 2014. (**FINRA Case #2012034901601**)

George Peter Koulouris (CRD #1059875, Registered Representative, Fayetteville, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 20 business days. The fine must be paid either immediately upon Koulouris' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Koulouris consented to the described sanctions and to the entry of findings that he engaged in outside business activities without providing prompt written notice to his firm. The findings stated that Koulouris performed consulting services for an issuer with whom the firm entered into an investment-banking relationship. Koulouris received $4,500 as a paid consultant from the issuer.

The suspension is in effect from January 21, 2014, through February 18, 2014. (**FINRA Case #2012032867301**)

Michael Edward Logan (CRD #2618789, Registered Representative, Toole, Utah) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Logan consented to the described sanction and to the entry of findings that he engaged in improper use of customer funds by converting customer funds. The findings stated that Logan recommended that a client and close family member purchase a variable annuity for $40,000. The client eventually purchased the annuity, which he funded through a $40,000 withdrawal from his IRA account. Subsequently, while Logan was registered with his member firm, he withdrew approximately $17,239.50 from the client's annuity in separate transactions for his personal use. As a result of the early liquidations from the annuity, the client incurred $841.61 in surrender charges. Logan continued to withdraw funds from the annuity after he left his firm and while he was no longer registered or associated with a FINRA member firm. Logan withdrew approximately $11,442.87 from the client's annuity in separate transactions for his personal use. The findings also stated that the client did not have any knowledge of and had not consented to any of the withdrawals. In order to avoid detection of his misconduct, Logan changed the client's address of record for the annuity to his firm office address. Subsequently, Logan changed the address of record to a post office box, as he was no longer working at the firm's office address. (**FINRA Case #2013036075901**)

Michael LoStracco (CRD #2953217, Registered Representative, Doylestown, Pennsylvania) was barred from association with any FINRA member in any capacity. In light of the bar, no monetary sanctions were imposed. The sanction was based on findings that LoStracco misappropriated approximately $153,000 from companies by improperly using funds from bank accounts to fund unauthorized salary payments to himself, payments to others for his personal benefit, and payments for additions to his personal residence. LoStracco also improperly failed to remit employees' 401(k) contributions to a company's 401(k) plan. To effectuate his misconduct, LoStracco made, or caused to be made, false financial

statements, financial reports, and false check entries in connection with a company's accounts and accounting system. The findings stated that LoStracco failed to appear and provide sworn FINRA-requested testimony as part of an investigation into his conduct while he was associated with his former member firm. (**FINRA Case #2012031063101**)

David Eizy Macias (CRD #1924931, Registered Representative, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $15,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Macias' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Macias consented to the described sanctions and to the entry of findings that he placed trades in an outside securities account and failed to notify his firm and the firm that held the outside securities account, that he was associated with the outside securities account. The findings stated that Macias exercised discretionary power in a customer's account and placed discretionary trades in the customer's account without written customer authorization and without his firm's written approval. Macias, at times, utilized text messaging and a personal email account to communicate with a customer and conduct a securities business. The text messaging and personal email account were not approved by his firm, and his use of text messaging and the personal email account to conduct a securities business contravened his firm's policies and caused the firm to violate its recordkeeping requirements.

The suspension is in effect from December 16, 2013, through March 15, 2014. (**FINRA Case #2012033029101**)

Herman Mannings III (CRD #3254961, Registered Principal, Stone Mountain, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $6,000 and suspended from association with any FINRA member in any principal capacity for 60 days. Without admitting or denying the findings, Mannings consented to the described sanctions and to the entry of findings that he failed to reasonably supervise a registered representative's activities to prevent unsuitable mutual fund switching. The findings stated that a registered representative that Mannings supervised effected unsuitable mutual fund switches in customers' accounts without having reasonable grounds for believing that such transactions were suitable for those customers, in view of the nature of the recommended transactions, the frequency of the transactions, the transaction costs incurred, and in light of the customers' financial situation, investment objectives and needs. The representative then used the proceeds of those sales to purchase mutual funds in other fund families for those customers, causing the customers to pay sales charges and commissions totaling $299,399. The findings also stated that the representative's mutual fund switch transactions presented multiple red flags such as the majority of the mutual fund switch transactions were marked unsolicited, the average holding period for the mutual fund switches was approximately five months, the majority of the mutual fund

switches were placed into Class A shares, and the representative's switch disclosure forms for these transactions, marked solicited, did not contain an adequate basis or reason for the transaction. Mannings failed to take reasonable steps to adequately follow up on these red flags. Mannings did not advise the representative to make different recommendations to his customers, did not make adequate attempts to contact the representative's customers regarding the mutual fund switch transactions, and he did not make adequate inquiries about the representative's relevant transactions. Rather, Mannings approved all of the representative's mutual fund switch transactions.

The suspension is in effect from January 21, 2014, through March 21, 2014. (**FINRA Case #2011026098502**)

John Michael McDonough (CRD #4425667, Registered Principal, Spring, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon McDonough's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, McDonough consented to the described sanctions and to the entry of findings that he and other registered representatives signed a partnership agreement creating an entity to provide a vehicle to develop business opportunities outside of their firm. McDonough had a one-third interest in the partnership. The findings stated that McDonough did not seek permission to participate in the entity from his firm, nor did he disclose its existence to his firm contrary to the firm's compliance manual that required the branch manager's prior written approval before engaging in any outside business activity (OBA) and required annual disclosure of all outside business activities in the firm's OBA form. McDonough remained a partner in the entity for almost a year. The findings also stated that McDonough was introduced by a coworker to the chief operating officer (COO) of an entity that was seeking to borrow money. Based in part on McDonough's recommendations, his relatives and an individual invested a total of $150,000 in promissory notes the COO issued. McDonough participated in recommending another individual invest in a promissory note the COO issued, and she invested $100,000 in a promissory note. The promissory notes were securities and were not investments McDonough's firm approved. All the investors were also firm customers. To date, no payment has been made on any of the notes. The findings also included that the firm's compliance manual prohibited engaging in private securities transactions unless prior written notice is provided and prior written permission given, and specifically lists the sale of promissory notes as being prohibited. McDonough never sought permission to participate in the transactions resulting in the issuance of the notes to the customers.

The suspension is in effect from December 16, 2013, through June 15, 2014. (**FINRA Case #2012033128701**)

Orlando Afdon Montoya Jr. (CRD #5881105, Registered Representative, Cortland, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Montoya consented to the described sanction and to the entry of findings that he failed to appear for a FINRA on-the-record interview requested in connection with an investigation into the circumstances surrounding a customer complaint Montoya's prior member firm had reported. The findings stated that the complaint concerned among other things, checks customers made payable to Montoya to purchase investments, and allegations of fraud and misappropriation of $48,250. (**FINRA Case #2013038128901**)

Ronald Moschetta (CRD #1100365, Registered Principal, Lido Beach, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Moschetta failed to fully respond to FINRA requests for documents in connection with its investigation concerning a complaint for engaging in unauthorized transactions and concerning whether Moschetta misused $3 million in investor funds intended for a private placement. (**FINRA Case #2010024917601**)

Paul Robert Nardella (CRD #4989338, Registered Representative, Nanuet, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Nardella's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Nardella consented to the described sanctions and to the entry of findings that he made false statements to another member firm and a purported customer. The findings stated that Nardella, in telephone calls to partners of the other firm, falsely claimed to be an attorney representing customers of the other firm. Nardella made false statements about the other firm's business and its president to an employee and partners of the other firm, who were posing as a fictitious firm customer. Nardella made these false statements in an attempt to persuade the fictitious customer to transfer his account to Nardella's firm.

The suspension is in effect from January 6, 2014, through January 5, 2016. (**FINRA Case #2012032314301**)

Christopher Kevin Nichols (CRD #2375174, Registered Principal, Lafayette, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 15 business days. The fine must be paid either immediately upon Nichols' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Nichols consented to the described sanctions and to the entry of findings that he engaged in a business activity outside the scope of his employment with his firm by lending money to and receiving interest payments from individuals who were clients of a sports agency Nichols' brother owned and operated. The findings stated that the loans were made

directly by Nichols to the borrowers or Nichols gave the loan amounts to his brother, who then disbursed the funds to the borrowers. Nichols failed to provide prompt written notice of these lending activities to his firm.

The suspension was in effect from December 16, 2013, through January 7, 2014. (**FINRA Case #2012034326801**)

Allen Blanchard Olander (CRD #2304599, Registered Principal, Palmdale, California) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 13 months. In light of Olander's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Olander consented to the described sanction and to the entry of findings that he willfully failed to amend his Form U4 to disclose an IRS lien. The findings stated that Olander borrowed a total of $40,000 from an elderly customer on separate occasions and he repaid the loan in full. Olander's member firm's policy and procedures permitted borrowing from customers under certain circumstances and with the compliance department's prior written approval. Olander did not disclose his borrowing to the firm. This conduct was aggravated by the fact that Olander failed to accurately disclose the loans when completing the firm's annual compliance questionnaire. The findings also stated that Olander recommended the purchase of variable universal life insurance (VUL) contracts without having reasonable grounds to believe that his recommendations were suitable for the customer upon the basis of the facts the customer disclosed as to his financial situation and needs, the restrictions associated with modified endowment contracts (MECs), the high charges and expense associated with maintaining variable life insurance on young adults, and the customer's inability to add premiums to the contracts to avoid lapse. The findings also included that at Olander's recommendation, another customer purchased a variable annuity contract and a rider. The recommendations to purchase the variable annuity and a rider were unsuitable for the customer. At the time of this recommendation, Olander knew that the customer would be taking withdrawals from the annuity contract to meet living expenses and other needs, and he knew that those withdrawals would exceed not only the 5 percent the rider permitted, but also the 10 percent free withdrawal amount. Moreover, the customer, at Olander's recommendation, also authorized the insurance company to pay investment advisory fees to Olander from the variable annuity account for 1.5 percent annually, withdrawn and paid quarterly. These payments compensated Olander for managing the annuity's subaccounts. The effect of these withdrawals was to negate the full benefits of the rider, which included that the customer could not receive the 6 percent annual bonus because the advisory fees were deemed as withdrawals from the variable annuity in the first 10 years. Olander's recommendation that the customer purchase the first annuity and its rider, and his subsequent recommendation that the customer exchange the first annuity for a second annuity was unsuitable in light of the customer's financial situation, income needs, withdrawal needs and the significant surrender charges the customer incurred. The customer's entire retirement fund was exhausted through systematic withdrawals, emergency withdrawals, surrender charges, variable annuity charges and expenses, and investment advisory fees.

FINRA found that Olander recommended variable annuity contracts to other customers with an optional living benefit rider. The customers purchased variable annuity contracts and both opted for the same rider. Around this time, at Olander's recommendation, the customers authorized the insurance company to pay annual 1.5 percent investment advisory fees in quarterly installments to Olander for managing the sub-accounts, in the form of partial withdrawals from their variable annuity accounts. Olander knew that these authorized withdrawals would negate the full benefits of the riders, which included that they could not receive the 7 percent annual bonus because the advisory fees were deemed as withdrawals from the variable annuity contracts in the first 10 years. Olander knew that the customers did not understand that the fee withdrawals would prevent them from receiving the rider bonus they paid for, but he failed to inform them of that material fact, which constituted an omission of a material fact in connection with their purchases of variable annuity contracts and riders.

The suspension is in effect from December 16, 2013, through January 15, 2015. (**FINRA Case #2010025311501**)

Jason Adam Oleet (CRD #4644826, Registered Principal, Burlington, Vermont) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Oleet consented to the described sanctions and to the entry of findings that he failed to amend his Form U4 to disclose litigation that alleged sales practice violations and should have been disclosed on his Form U4 within 30 days of his knowledge of the complaint. The findings stated that when Oleet joined a new member firm, he also failed to disclose the litigation on his Form U4 and failed to amend his Form U4 to disclose the lawsuit and settlement until a year after it settled for an amount in excess of $15,000.

The suspension is in effect from January 21, 2014, through February 20, 2014. (**FINRA Case #2012031473001**)

Luis A. Ortiz Jr. (CRD #5898802, Registered Representative, Lake Worth, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Ortiz's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Ortiz consented to the described sanctions and to the entry of findings that he failed to timely respond to FINRA requests to provide a written statement regarding an investigation into whether he had failed to disclose certain matters on his initial Form U4 during his association with a firm. The findings stated that Ortiz was notified that his continued failure to respond to FINRA's requests would result in suspension, followed by a bar from association from any FINRA member in all capacities. Ortiz was also notified that if he took

corrective action before the suspension date, by complying with FINRA's requests, he could avoid suspension. Ortiz, prior to the effective date of the suspension, submitted a response to FINRA's requests. As a result of Ortiz's response, FINRA terminated the non-summary suspension proceeding.

The suspension is in effect from December 16, 2013, through June 15, 2014. (**FINRA Case #2013035583102**)

Jeffrey Kurt Parker (CRD #6042394, Associated Person, North Wilkesboro, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Parker consented to the described sanction and to the entry of findings that he failed to appear for FINRA-requested testimony as part of an investigation into the circumstances surrounding his arrest for the alleged embezzlement of customer insurance premiums while he was employed at a previous non-member employer. Parker informed FINRA that he would not cooperate with the investigation and would not provide testimony. (**FINRA Case #2013037625702**)

Keith Michael Pasternak (CRD #1798523, Registered Representative, Brick, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 12 months and ordered to pay $9,000, plus interest, in restitution to a customer. In light of Pasternak's financial status, no monetary sanction has been imposed. The restitution must be paid either immediately upon Pasternak's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Pasternak consented to the described sanctions and to the entry of findings that he told a customer that he was a victim of identity theft and asked the customer to loan him money so he could straighten out his finances. The findings stated that the customer agreed to loan him the money and Pasternak borrowed a total of $9,000 from the customer. None of the loans were documented. Pasternak never sought the firm's permission to borrow funds from the customer and the firm was unaware of the customer's loans to Pasternak. Pasternak was not a member of the customer's family and he did not repay the loans to the customer. The findings also stated that Pasternak failed to timely respond to FINRA's requests for documents and information regarding allegations that he had accepted loans from the customer. Pasternak failed to respond to the requests within the prescribed time period. FINRA initiated an expedited proceeding, pursuant to FINRA Rule 9552, against Pasternak. As part of that proceeding, FINRA sent Pasternak a letter notifying him that his registration with FINRA was suspended for failing to respond to FINRA's requests for information. Pasternak subsequently responded to the information requests on the date his suspension date was scheduled to start.

The suspension is in effect from January 6, 2014, through January 5, 2015. (**FINRA Case #2013036445401**)

David Matthew Perham (CRD #1422512, Registered Representative, Boardman, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Perham's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Perham consented to the described sanctions and to the entry of findings that he purchased a fixed annuity policy on a customer's behalf. The findings stated that the customer called Perham to discuss the benefits provided under her fixed annuity policy and she questioned Perham about the absence of a death benefit involving the policy and the safety of her investment. Perham sent a letter to a life insurance company requesting, among other things, that the customer be added as an additional beneficiary to his life insurance policy and that the policy be amended to allow her to receive approximately $80,000 upon Perham's passing. A copy of that letter was also sent to the customer. Afterward, Perham sent a letter to the customer confirming that he had purchased life insurance coverage for her through the life insurance company and that the coverage was in effect. Perham's firm's written policies provided that a representative could not make payments of any kind to resolve complaints or errors directly with customers and a representative was required to advise the compliance department of any such errors and complaints. Perham never spoke with his compliance department or his supervisor about his decision to resolve the customer's concerns about the absence of a death benefit and the safety of her investment by adding her as a beneficiary to his policy. As a consequence, Perham's request to the insurance company was made without his firm's knowledge and authorization. The findings also stated that Perham failed to respond to FINRA's requests for information and documents related to the above matter in a timely manner.

The suspension is in effect from January 6, 2014, through July 5, 2014. (**FINRA Case #2011029286002**)

Nick Anthony Pietrocola (CRD #3017749, Registered Representative, Strongsville, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Pietrocola consented to the described sanctions and to the entry of findings that he provided misleading information to a member firm customer relating to account allocations in the customer's variable annuity. The findings stated that Pietrocola made certain representations to the customer regarding steps he had taken to address the customer's concerns relating to the manner in which the assets held in his variable annuity had been allocated. Pietrocola, however, had not actually taken these steps and the information he relayed to the customer was false.

The suspension is in effect from January 21, 2014, through February 18, 2014. (**FINRA Case #2011027857501**)

Jonathan Clark Pool (CRD #5110534, Registered Representative, Levelland, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pool consented to the described sanction and to the entry of findings that he failed to provide information and documents, as FINRA requested, and failed to appear for testimony, in connection with an allegation that he misappropriated $17,253 in customer funds from a senior citizen. Pool advised through his counsel that he would not cooperate with FINRA's requests for information and testimony. (**FINRA Case #2013037992001**)

David Jay Raabe (CRD #2148468, Registered Principal, Marion, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, Raabe consented to the described sanctions and to the entry of findings that he engaged in business activity outside the scope of his employment with his member firm. The findings stated that when Raabe became associated with his firm, he acted as a director for a technology start-up company without obtaining prior approval to engage in the activity from the firm's home office, as his firm's compliance policies and supervisory procedures required.

The suspension was in effect from January 6, 2014, through January 27, 2014. (**FINRA Case #2012031848301**)

Joseph Anthony Rocca Jr. (CRD #866725, Registered Principal, Delray Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any principal capacity for 30 business days. In light of Rocca's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Rocca consented to the described sanction and to the entry of findings that as the CCO and AML compliance officer (AMLCO) of a member firm, he failed to prevent customers from selling unregistered shares of low-priced securities of one issuer and failed to establish a supervisory system to ensure that the firm did not facilitate the sale of unregistered securities in contravention of Section 5 of the Securities Act of 1933. The findings stated that Rocca improperly permitted the firm customers to sell 537,741 shares of an issuer's unregistered, non-exempt low-priced securities, and to wire-transfer out of their respective firm accounts more than $700,000 from the sale of these unregistered securities. Rocca failed to develop and implement AML policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder. Rocca failed to investigate suspicious transactions occurring in additional customer accounts that liquidated approximately 3.9 million shares of a second issuer's low-priced securities for gross proceeds of approximately $2.3 million. The findings also stated that Rocca ignored signals that customers were engaging in the unlawful distribution of unregistered securities by failing to conduct, or cause to be conducted, an adequate searching inquiry to determine the circumstances of how the customers obtained the issuer's securities, or whether the securities were freely

tradable. Rocca did not adequately supervise the distribution of unregistered securities by failing to supervise the broker of record, prevent the sale of unregistered securities in contravention of Section 5, and adopt and implement adequate procedures to ensure that unregistered securities were freely tradable. The findings also included that Rocca failed to detect or investigate any of the red flags that were the hallmarks of suspicious trading activity in customer accounts. Rocca did not adequately conduct due diligence to inquire into the ownership of corporate accounts, the nature of customers' businesses, the source of customers' shares of securities, or the swift transfer of assets from accounts after the sale of low-priced securities, and follow the guidelines of the firm's AMLCP.

The suspension is in effect from January 6, 2014, through February 18, 2014. (**FINRA Case #2009017839601**)

Margaret Mary Rosato (CRD #1083546, Associated Person, Wayne, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which she was suspended from association with any FINRA member in any capacity for 15 business days. In light of Rosato's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Rosato consented to the described sanction and to the entry of findings that she received emails that appeared to have been sent by a customer using the customer's actual email account requesting Rosato wire a total of $18,000 to two different third-party bank accounts. The findings stated that unbeknownst to Rosato, the emails were actually sent by a fraudster posing as the customer. Her firm's WSPs prohibited execution of wire instructions received via email without the customer's verbal confirmation. Rosato failed to obtain the customer's verbal confirmation regarding the wire transfer requests. Instead, Rosato completed verbal transfer authorization requests that falsely indicated that she had confirmed the wire instructions by speaking with the customer. Rosato received additional wire transfer requests, notified the relevant personnel within her member firm of the situation, contacted the customer by telephone and learned that she had been corresponding with an imposter. Rosato's submission of verbal transfer authorizations that falsely indicated she had spoken to the customer caused her firm to create and maintain inaccurate books and records.

The suspension was in effect from January 21, 2014, through February 10, 2014. (**FINRA Case #2013037879701**)

Michael Thomas Ryan (CRD #2220620, Registered Representative, San Clemente, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $40,000, suspended from association with any FINRA member in any capacity for two years, and ordered to pay $55,000, plus interest, in restitution to customers. The fine and restitution must be paid either immediately upon Ryan's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Ryan consented to the described sanctions and to the entry of

findings that, while registered with his firm, he met and began working with an individual who, among other things, invested in startup and public shell companies. Ryan started receiving compensation from entities the individual controlled, including from a publicly traded company and private entities. The findings stated that Ryan was an officer and board member of the publicly traded company and one of the private entities, and was a salaried employee of the private entity. Ryan received more than $400,000 from the various entities the individual controlled for services he provided. Ryan's firm required registered representatives to report, and obtain approval for, all OBAs prior to engaging in them. The firm's representatives were to notify the firm of proposed OBAs by completing and submitting a form through an internal electronic reporting system. The findings also stated that Ryan did not timely, fully or accurately notify his firm of his OBAs, nor did he update the information provided to the firm as his role changed, and he never notified his firm of the payments he received from the other entities. The findings also included that Ryan participated in private sales of approximately $1.5 million in restricted stock to firm customers and other individuals. Ryan did not provide written notice of the sales to his firm, and did not receive this firm's approval to engage in them. The firm learned of Ryan's participation as the result of an investigation conducted after he left the firm.

The suspension is in effect from December 16, 2013, through December 15, 2015. (**FINRA Case #2011029186601**)

Brian W. Sak (CRD #4751110, Registered Principal, Magnolia, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Sak consented to the described sanctions and to the entry of findings that he and other registered representatives signed a partnership agreement creating an entity to provide a vehicle to develop business opportunities outside of their member firm. Sak had a one-third interest in the partnership. The findings stated that Sak did not seek permission to participate in the entity from his firm, nor did he disclose its existence to his firm, contrary to the firm's compliance manual that required the branch manager's prior written approval before engaging in any outside business activity, and required annual disclosure of all outside business activities. The findings also stated that in an annual compliance questionnaire, Sak certified he was not engaged in any outside business activities. Sak remained a partner in the entity for almost a year.

The suspension was in effect from January 6, 2014, through February 4, 2014. (**FINRA Case #2012033128702**)

Valery Scancella (CRD #4409199, Registered Representative, Woodside, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for three months. In light of Scancella's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Scancella consented to the described sanction and to the entry of findings

that he participated in private securities transactions, for which he received compensation, without obtaining his member firm's consent. The findings stated that Scancella solicited investors and facilitated transactions to purchase shares of a privately held company and interests in various special purpose vehicles that were ostensibly created to purchase pre-initial public offering shares in emerging companies. These transactions totaled $213,000, for which Scancella received $16,200 in commissions. Scancella's firm required representatives to request permission and obtain written approval prior to participating in private securities transactions. Scancella did not inform the firm that he was soliciting investors for these transactions. Scancella's firm was not aware of his involvement in these transactions and did not approve it.

The suspension is in effect from January 6, 2014, through April 5, 2014. (**FINRA Case #2011030293501**)

Eric Stuart Segall (CRD #1071881, Registered Principal, Lomita, California) was censured. The sanction was based on findings that Segall failed to provide timely responses to FINRA requests for information. The findings stated that Segall failed to establish and maintain WSPs and a supervisory system reasonably designed to achieve compliance with FINRA Rule 8210. The Hearing Panel dismissed the cause of action charging Segall with alleged ethical violations of FINRA Rule 2010. (**FINRA Case #2009020701901**)

Ricardo F. Sempertegui (CRD #5691200, Registered Representative, Denton, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 business days. The fine must be paid either immediately upon Sempertegui's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Sempertegui consented to the described sanctions and to the entry of findings that he impersonated insurance customers in telephone calls with the customers' prior insurance companies to facilitate certain transactions, including cancelling prior insurance policies and/or expediting refunds. The findings stated that in each instance, Sempertegui placed a telephone call to the prior insurance company, identified himself as the customer, and proceeded to impersonate the customer to effectuate the transactions in question.

The suspension is in effect from January 21, 2014, through March 4, 2014. (**FINRA Case #2012034526701**)

Keith F. Sidell (CRD #4933776, Registered Representative, Forest Hills, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sidell consented to the described sanction and to the entry of findings that he failed to appear for a FINRA on-the-record interview in connection with its investigation into the circumstances surrounding his termination for cause at a member firm and issues with personal banking transactions. (**FINRA Case #2012031568301**)

Thomas Caldwell Slaughter (CRD #2534862, Registered Representative, Wilton, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $7,500 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Slaughter's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Slaughter consented to the described sanctions and to the entry of findings that, contrary to his firm's trading model, he engaged in unauthorized, speculative day trading in Treasuries. Slaughter's speculative trading in Treasuries caused the firm's proprietary account to incur realized losses of approximately $506,200 and unrealized losses of approximately $1,017,303. The findings stated that the firm had hired Slaughter to create and manage the firm's entry into the high-yield corporate bond market, establish market share in corporate debt and generate trading profits. Slaughter understood that the firm's bond market business plan model included his credit and position limits, risk levels and trading strategies. The trading model included trading in Treasuries only to hedge interest-rate risk in the market place. The firm permitted Slaughter to trade Treasuries in the firm's proprietary account solely to hedge corporate bond trades. Trading in this manner afforded the firm protection against interest rate movements over the life of the investment. Unbeknownst to the firm, numerous trades resulted from Slaughter's unauthorized daily speculative trades in Treasuries. The findings also stated that Slaughter mismarked the firm's inventory prices by more than $1 million away from the current market value, thereby concealing trading losses, and caused the firm to maintain inaccurate books and records. Unaware that Slaughter had inaccurately hand marked price changes for certain corporate bond positions, the firm used Slaughter's hand-marked positions to generate internal management reports. The firm's senior management used the reports to monitor position risk and daily profit and loss. As a result, on each day that Slaughter reported the mismarked bond position prices to the firm, the firm relied on inaccurate data in its books and records relating to market risk and the financial viability of the high-yield bond desk.

The suspension is in effect from December 16, 2013, through June 15, 2014. (**FINRA Case #2011027957901**)

Aaron Douglas Small (CRD #3064188, Registered Principal, San Francisco, California) submitted an Offer of Settlement in which he was fined $5,000 and suspended from association with any FINRA member in any principal capacity for 15 business days. The fine must be paid pursuant to the installment payment plan beginning either immediately upon Small's reassociation with a FINRA member firm or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Small consented to the described sanctions and to the entry of findings that he failed to reasonably supervise a registered representative by failing to take adequate steps to prevent the representative from engaging in excessive trading in a customer's account. The findings stated that Small was responsible for supervising all

trades conducted by this representative who recommended and executed purchases and sales of securities in the customer's account and controlled the trading in the customer's account. The representative's recommendations to the customer were unsuitable because he did not have reasonable grounds to believe the volume of trading was consistent with the customer's financial circumstances and investment objectives.

The suspension was in effect from December 16, 2013, through January 7, 2014. (**FINRA Case #2011028257102**)

Joseph Robert Sobditch (CRD #1485665, Registered Representative, Warren, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Sobditch's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Sobditch consented to the described sanctions and to the entry of findings that he was aware he was the subject of tax liens and a bankruptcy, and willfully failed to update his Form U4 to reflect that he was the subject of the tax liens and the bankruptcy.

The suspension is in effect from January 6, 2014, through April 5, 2014. (**FINRA Case #2013035537901**)

Robert Milton Sullins (CRD #439493, Registered Supervisor, Brentwood, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Sullins consented to the described sanctions and to the entry of findings that he participated in private securities transactions by recommending and arranging the sale of securities in entities to a customer. The findings stated that Sullins participated in the sale to the customer of a promissory note issued by an entity, and the sale of common stock by another entity, in transactions totaling $35,000. Sullins failed to provide notice to his member firm that he had participated in the sale of these investments, nor did he receive the firm's approval for these sales.

The suspension was in effect from January 6, 2014, through February 5, 2014. (**FINRA Case #2011030285201**)

Gregory Michael Thompson (CRD #6113357, Registered Representative, Hermosa Beach, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Thompson's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Thompson consented to the described sanctions and to the entry of findings that he issued checks from his personal checking accounts, totaling

approximately $5,000, knowing there were insufficient funds to cover the checks at the time they were written. The findings stated that Thompson attempted to deposit the funds needed to cover the checks before they were presented for payment. Some of the checks were returned due to insufficient funds and others appear to have been covered by overdraft protection on the accounts. Based upon this conduct, Thompson engaged in check kiting and writing other checks from accounts without sufficient funds to cover them.

The suspension is in effect from December 16, 2013, through March 15, 2014. (**FINRA Case #2013035489501**)

Jacqueline Harris Thornhill (CRD #2292721, Registered Principal, Las Vegas, Nevada) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $7,500, which includes the disgorgement of $2,500 of commissions received, and suspended from association with any FINRA member in any capacity for 90 days. The fine must be paid either immediately upon Thornhill's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Thornhill consented to the described sanctions and to the entry of findings that she participated in a series of private securities transactions away from her firm by facilitating the investment of $26,000 in shares of a Regulation D offering of a company. The findings stated that members of the company's management referred investors to Thornhill, who assisted them in completion of paperwork to invest in the company. Thornhill accepted the investors' funds, forwarded checks and documents to the issuer and answered questions about the company. Two of the investors were Thornhill's clients at her firm. Thornhill did not inform her firm in writing about her participation in the transactions, and failed to obtain her firm's prior approval. Thornhill received $2,500 in commissions as a result of the sales.

The suspension is in effect from December 16, 2013, through March 15, 2014. (**FINRA Case #2012032878501**)

Schyler Parsons Tollmann (CRD #2435288, Associated Person, Hillsborough, California) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Tollmann consented to the described sanction and to the entry of findings that she claimed that personal expenses charged on her member firm corporate credit card and her personal credit cards were business expenses. The findings stated that Tollmann submitted false expense reports, receipts and other documents seeking reimbursement for these personal expenses. On the expense reports, Tollmann falsely claimed that the personal expenses were business-related. Tollmann submitted false documents claiming that she had lost receipts for business expenses that were, in fact, personal expenses. Tollmann submitted expense reports that contained a total of 784 false expenses. The findings also stated that these submissions of false expense reports, receipts and other

documents caused the firm to maintain inaccurate books and records. Based on the false expense reports, receipts and other documents, the firm reimbursed Tollmann approximately $147,000 for personal expenses that were not business-related. By receiving reimbursement from the firm for personal expenses, Tollmann converted the firm's funds for her own use and benefit. (**FINRA Case #2012031152601**)

John Howard Towers (CRD #700221, Registered Principal, Plano, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $25,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Towers consented to the described sanctions and to the entry of findings that he recommended that a married couple invest in high-risk private placements and REITs, totaling approximately $6,259,400 and representing approximately 72 percent of their investments purchased. The findings stated that the private placements and REITs Towers recommended were all described in the offering documents as high-risk investments. The couple had stated a moderate risk tolerance on their new account forms, specified that no more than 10 percent of their account be invested in high-risk products, and expressed to Towers that they were uncomfortable with the volatility of the stock market. The recommendations that the couple invest in private placements and REITs were not suitable. The findings also stated that Towers provided consolidated statements to the couple for their accounts with his member firm and used the consolidated statements to report to the couple on the value of all of their investments, including private placements and REITs. Towers manually entered values for the private placements and REITs. Despite the instructions his firm provided, Towers valued the investments himself, using prices that did not have any correlation to prices the firm published. Although Towers knew that the values of the investments had declined, he listed the couple's original cost basis as the value of the investments, rather than the actual current value the firm specified.

The suspension is in effect from January 21, 2014, through April 20, 2014. (**FINRA Case #2012032353201**)

Joseph John Turano (CRD #1658385, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Turano consented to the described sanction and to the entry of findings that he failed to appear to testify at a FINRA on-the-record interview concerning payments to a recruiting agency for services not rendered to his member firm. (**FINRA Case #2013037631601**)

Adolfo Leon Uribe (CRD #4243890, Foreign Associate, Edificio Torre De Cali, Colombia) was fined $40,000, suspended from association with any FINRA member in any capacity for two years and ordered to disgorge $22,021.36, plus interest, to FINRA. The fine and disgorgement shall be due and payable on Uribe's return to the securities industry. The sanctions were based on findings that Uribe entered into a formal employment agreement

with another company and participated in private securities transactions by soliciting customers to invest in promissory notes, and received $30,000 in draws and an additional $22,021.36 in selling compensation from the company from making the referrals. The findings stated that Uribe failed to notify and obtain approval from his member firm of the proposed transactions and his participation in them. Uribe's firm's supervisory procedures required associated persons to obtain prior written approval of proposed outside business activity. Uribe did not provide such written notice, and his firm did not grant him written approval to engage in the activity. Uribe's employment agreement with the company was outside the scope of his relationship with his firm. The findings also stated that Uribe made certifications on compliance forms to his firm, while he was employed by the company, and in them he certified falsely that he did not have any outside business interests and that he had not raised any capital through entities outside of his firm. Uribe also certified that he would notify the firm prior to participating in any private securities transaction.

The suspension is in effect from January 6, 2014, through January 5, 2016. (**FINRA Case #2012030890501**)

Jimmy Duane Weishaar (CRD #2537959, Registered Representative, Olathe, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $20,000, suspended from association with any FINRA member in any capacity for two years, and ordered to pay $133,000 in restitution to customers. The fine and restitution must be paid either immediately upon Weishaar's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Weishaar consented to the described sanctions and to the entry of findings that he solicited investments in promissory notes to broker-dealer customers away from his firm. The findings stated that Weishaar did not provide prior written notice to, or obtain approval from, the firm before engaging in the private securities transactions. The issuer defaulted on both interest and/or principal payments on the promissory notes, and the customers sustained harm as a result of their investments. Collectively, the customers lost approximately $320,000. The findings also stated that the customers were unsophisticated investors, not speculative investors, not informed by Weishaar of the risks associated with the speculative short-term promissory notes and therefore were unable to understand the actual risks associated with their investments and suffered significant losses. The customers did not have funds available to invest in speculative investments and had limited financial means. The findings also included that Weishaar made misstatements on his firm's compliance questionnaires wherein he falsely represented to the firm that he was not engaged in any private securities transactions. Three customers filed statements of claim against Weishaar's firm regarding the sale of the promissory notes. In connection with those statements of claim, the firm provided the customers a total of $187,000.

The suspension is in effect from January 6, 2014, through January 5, 2016. (**FINRA Case #2012033018701**)

William Jack Wheeler (CRD #3035493, Registered Representative, Marshall, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Wheeler's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Wheeler consented to the described sanctions and to the entry of findings that he visited his customers' home to complete account paperwork and noticed that several pages of the employer paperwork for the customer's retirement benefit required the customer's signature to be notarized. The findings stated that Wheeler instructed the customers to sign the paperwork and indicated he would take care of the notary at a later time. The next day, Wheeler improperly notarized his customer's retirement paperwork using a notary stamp his former sales assistant, who was a notary, had left behind. Wheeler signed the notary's name, without her permission or consent, on the paperwork. Wheeler is not a notary public. The findings also stated that Wheeler initially denied forging the signatures when his firm questioned him. After Wheeler became aware that FINRA was investigating him, but before his on-the-record testimony, he learned that a third party had provided inaccurate information to FINRA, but he failed to take corrective action. Wheeler was questioned at his on-the-record interview, where he admitted to his misconduct.

The suspension is in effect from January 6, 2014, through July 5, 2014. (**FINRA Case #2013036021701**)

Charles Bentley Wold (CRD #1710944, Registered Representative, Wilmette, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $20,000 and suspended from association with any FINRA member in any capacity for 31 days. Without admitting or denying the findings, Wold consented to the described sanctions and to the entry of findings that he failed to provide prompt written notice to his member firm of his execution of a single case commission sharing agreement and receipt of commission payment from an independent life insurance general agency firm. The findings stated that pursuant to the commission sharing agreement, the agency paid a portion of the commission it received for a sale to Wold. The agency had sold a fixed life insurance policy that was not issued by Wold's firm, but instead issued by another FINRA-registered firm, to a couple Wold had referred. The portion of the commission the agency paid to Wold totaled $264,545. The findings also stated that on another occasion, Wold received compensation from the agency in connection with the exchange of his firm's variable life policy for its guaranteed universal life insurance policy by a firm policyholder. The agency acted as the general insurance agent in connection with the sale of the guaranteed universal life policy, and paid a portion of the commission attributable to the sale to Wold. Wold also received a commission on the sale from his firm. The portion of the commission the agency paid to Wold totaled $286,703.87. Wold failed to provide prompt written notice to his firm of his receipt of the commission payment from the agency.

The suspension is in effect from January 21, 2014, through February 20, 2014. (**FINRA Case #2010025262301**)

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decisions, which have been appealed to or called for review by the NAC as of December 31, 2013. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decisions. Initial decisions where the time for appeal has not yet expired will be reported in future issues of FINRA *Disciplinary and Other Actions*.

Highland Financial, Ltd. (CRD #25896, Johnstown, Pennsylvania) and Gordon Drummond Smith (CRD #2006592, Registered Principal, Johnstown, Pennsylvania). The firm was fined $25,000. Smith was barred from association with any FINRA member in any principal capacity, suspended from association with any FINRA member in any capacity for six months and ordered to requalify as a general securities representative. The sanctions were based on findings that the firm and Smith willfully failed to timely file currency transaction reports (CTRs) after receiving cash of approximately $40,000 from a customer. After receiving the cash, Smith structured deposits in amounts of $10,000 or less so that the banks at which the cash was deposited would not have to report the deposit to the IRS. The findings stated that after Smith received additional cash in excess of $103,000 from the customer, he again structured deposits in increments of $10,000 or less so that the banks at which the cash was deposited would not have to report the deposits to the IRS. Smith invested the funds in mutual funds for the benefit of the customer and her siblings. The findings also stated that Smith and the firm made improper use of the customer's funds when Smith deposited the customer's cash into accounts containing non-customer funds, thereby commingling the funds subjecting her funds to a risk of loss. The findings also included that the firm had AML policies and procedures in place but failed to implement them. None of the firm's employees followed up on red flags raised by the receipt and structured deposits of the customer's cash. The firm's office manager suspected Smith was structuring deposits and yet did nothing to follow up.

The decision has been appealed to the NAC and the sanctions are not in effect pending review. (**FINRA Case #2011025591601**)

Merrimac Corporate Securities, Inc. (CRD #35463, Altamonte Springs, Florida) was fined $100,000 and required to retain an independent consultant to review its policies, systems and procedures (written and otherwise), and training relating to outside business activity and private securities transactions, and adopt and implement the independent consultant's recommendations. The sanctions were based on findings that the firm failed to reasonably supervise outside business activities and private securities transactions of two registered representatives who have since been barred from the industry. The findings stated that the representatives operated a company and sold investments away from the firm. The

representatives solicited individuals to invest in their company and raised an aggregate amount of $4 million from those investors. The representatives arranged for investors, many of whom were firm customers, to hold investments in their company away from the firm's clearing firm with non-broker-dealer custodians. One representative also solicited investments in a second outside business, of which he was an owner. The findings also stated that the firm failed to adequately implement the firm's procedures regarding participation in outside businesses and in private securities transactions, and failed to implement reasonable procedures regarding the use of outside custodians. The firm failed to adequately inquire into the representatives' outside business activities and involvement in private securities transactions despite personal knowledge about both. The firm further failed to follow up on red flags regarding these activities.

This matter has been appealed to the NAC and the sanctions are not in effect pending review. (**FINRA Case #2009017195204**)

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

James Kenneth Ard (CRD #5837571, Associated Person, Florence, South Carolina) was named a respondent in a FINRA complaint alleging that he unlawfully charged more than $12,000 in personal expenses, including cell phone bills, clothing, computer equipment, personal travel and a family Christmas vacation, to his Lieutenant Governor of South Carolina campaign fund, contrary to South Carolina law. The complaint alleges that Ard signed a Consent Order, admitting improper use of campaign funds. A grand jury indicted Ard, charging him with, among other things, misuse of campaign funds. Ard resigned from office and pled guilty to misdemeanor charges of State ethics violations, including unlawful use of campaign funds for personal expenses. (**FINRA Case #2012031746301**)

Angelo Barcelo III (CRD #4394074, Registered Principal, St. Louis, Missouri) was named a respondent in a FINRA complaint alleging that he converted funds from his member firm and failed to respond to FINRA requests for information. The complaint alleges that Barcelo made a series of journal entries in a fictitious customer account to create a credit balance of $5,796 and then created a $5,771 check disbursement order that was funded by the fictitious account. A $25 fee was charged to the fictitious account which accounted for the difference between the credit balance and the amount of the check disbursement order. The $5,771 check was issued and sent to Barcelo's address. Barcelo cashed the $5,711 check and subsequently used the funds to pay for past-due rent, child support and other personal

expenses, such as his car loan and cell phone bill. The complaint also alleges that Barcelo failed to respond to FINRA requests for information and documents regarding, among other things, the circumstances surrounding the creation of a fictitious account and conversion of funds from his firm. (**FINRA Case #2012034046801**)

Reginald Maurice Berthiaume Jr. (CRD #2702903, Registered Representative, Orlando, Florida) was named a respondent in a FINRA complaint alleging that he failed to timely disclose to each of his member firms his involvement in outside businesses in forms the firms specified. The complaint alleges that Berthiaume failed to respond timely and completely to FINRA requests for documents and information concerning known associates of one of the businesses and business-related electronic communications and correspondence relating to two businesses. The complaint also alleges that Berthiaume made an incomplete response to one request for information and documents by only providing some printed emails and copies of checks. FINRA received additional, but still incomplete, production of documents after he received a Wells notice. The complaint further alleges that Berthiaume failed to appear for on-the-record testimony. (**FINRA Case #2012031368001**)

Brian Harris Brunhaver (CRD #2498928, Registered Principal, Snohomish, Washington) was named a respondent in a FINRA complaint alleging that he used an unauthorized email account to communicate with customers and with his assistant regarding his securities business. The complaint alleges that Brunhaver's member firm issued an adviser alert to its registered representatives, informing them that they would be required to adhere to the policies and procedures in the firm's Electronic Communications Policy Guide. The policy guide stated that all of the firm's associated persons must use either a firm-provided email address or an address approved by its compliance officers hosted with a firm-approved email host vendor. Brunhaver used both his firm-provided email address and a personal email account for business communications. Following the adviser alert, Brunhaver continued to use both email addresses for his securities business, without obtaining his firm's permission or informing the firm that he was doing so. Brunhaver also permitted his assistant to use her personal email account for business communications. Brunhaver thereby violated the firm's policies. Because messages sent from and received by his personal email account were not transmitted to the firm, Brunhaver prevented the firm from reviewing his business-related email communications and thus from satisfying its supervision obligations under NASD Rule 3010(d) and its obligation to maintain and preserve business-related communications under SEC Rule 17a-4.

The complaint also alleges that Brunhaver made false statements in email messages to a customer regarding a non-traded REIT. In those messages, sent from his personal email account, Brunhaver falsely informed the customer that her principal investment in the non-traded REIT would be guaranteed, that the investment did not involve any risk, and that she could not possibly lose her money if she invested. The customer invested $114,300 in the non-traded REIT and she incurred a loss as a result of that investment. Brunhaver

sent a blast email message to an unknown number of existing retail customers from his personal email account. In that message, Brunhaver made false statements regarding the non-traded REIT. Brunhaver's email messages to the customer and his blast email to retail customers were correspondence within the meaning of NASD Rules 2210(a)(3) and 2211(a)(1). The messages provided information regarding the non-traded REIT, but did not disclose the substantial risks of the investment. They were not fair and balanced and they contained false, exaggerated, unwarranted or misleading statements. The complaint further alleges that Brunhaver intentionally or recklessly made untrue statements of material facts to a customer when he wrote to her in email messages that her principal investment in the non-traded REIT would be guaranteed, that the investment did not involve any risk, and that she could not possibly lose her money if she invested. Brunhaver effected transactions in, or induced the purchase of, a security by means of a manipulative, deceptive or other fraudulent device when he wrote to a customer in email messages that her principal investment in the non-traded REIT would be guaranteed, that the investment did not involve any risk, and that she could not possibly lose her money if she invested. As a result, Brunhaver willfully violated Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 promulgated thereunder. In addition, the complaint alleges that Brunhaver made false statements to his customers regarding the non-traded REIT. In meetings with the customers, Brunhaver falsely informed them that their principal investment in the non-traded REIT would be guaranteed and that there was no way they could lose their money if they invested. When Brunhaver made those false statements to his customers, he induced the purchase of a security by means of a manipulative, deceptive or other fraudulent device. (**FINRA Case #2011026852001**)

Brandon R. Carter (CRD #5678495, Registered Representative, New York, New York) was named a respondent in a FINRA complaint alleging that on his last day of work at his member firm and its bank affiliate, he requested replacement debit cards for several customers' accounts without their knowledge or consent. The complaint alleges that for each request, Carter falsely noted in the bank's system that the customers had reported the cards lost. Carter assigned a new personal identification number (PIN) to each card and requested the cards be mailed to his bank's branch office where he worked, rather than to the customers' addresses on file with the bank. After Carter resigned from the bank, the replacement debit cards arrived at the branch office and were used by persons other than the customers to withdraw a total of $4,000 from their automatic teller machine (ATM) accounts, without the customers' knowledge or consent. (**FINRA Case #2012032932101**)

Sandra Lea Fexer (CRD #1261368, Registered Representative, Las Vegas, Nevada) was named a respondent in a FINRA complaint alleging that she made unsuitable recommendations to customers for the purchase of a non-traded REIT, an illiquid and speculative security. The complaint alleges that the REIT's prospectuses described it as a speculative investment with a high degree of risk, and indicated that the REIT's shares should only be purchased if the investor could afford a complete loss. Some of the customers were elderly and retired, some had limited incomes, and each had a risk

tolerance of moderate. Nevertheless, without reasonable grounds, Fexer recommended and concentrated their portfolios in the REIT. Since a Chapter 11 involuntary petition for bankruptcy was filed against the REIT and its shares don't have any current value, the customers lost their entire principal investment in the REIT. The complaint also alleges that Fexer knowingly submitted subscription agreements that inaccurately described purchases as unsolicited when they were, in fact, solicited. As a result, Fexer caused her member firm to maintain inaccurate books and records. (**FINRA Case #2009017346704**)

Paolo Franca Iida (CRD #6020324, Associated Person, New York, New York) was named a respondent in a FINRA complaint alleging that he made cash deposits totaling $48,000 into his personal bank accounts at his member firm's bank affiliate, each of which was in an amount under $10,000 to evade federal reporting requirements. This caused the bank to fail to file a CTR. The complaint alleges that as a result of AML training Iida received during his association with his firm, he knew, or should have known, that banks are required to report currency transactions in excess of $10,000 and knew, or should have known, that structuring was illegal under federal law and in contravention of applicable securities rules and regulations. (**FINRA Case #2012033351801**)

Jason O'Neal Lampier (CRD #5343593, Registered Representative, Murphy, Texas) was named a respondent in a FINRA complaint alleging that he knowingly, willfully or recklessly made misrepresentations of material facts in connection with the sale of 1/10th of one unit of an entity's oil and gas limited partnership to a customer. The complaint alleges that Lampier misrepresented the minimum investment amount, the potential investment returns, and the type of oil and gas well acquired by the partnership. In reliance upon Lampier's material misrepresentations, the customer purchased the offering for $28,000. As a result of the conduct, Lampier willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. (**FINRA Case #2011030498301**)

John Derek Lane (CRD #301717, Registered Principal, Fairfield, Connecticut) was named a respondent in a FINRA complaint alleging that he was the president and CEO of his member firm; and as president, was the supervisor of all the firm's associated persons. The complaint alleges that an individual sat for and passed the Series 82 examination, however, due to problems with his fingerprints, he did not become associated with FINRA until 15 weeks after his Form U4 was submitted. The individual offered and sold $1,020,000 in private placement investments to investors while associated with the firm, but his registration with FINRA was not effective. Lane was aware of both the individual's private placement sales and the fact that his registration had not yet become effective. Despite this knowledge, Lane permitted the individual to offer or sell securities for approximately 10 weeks without registration. (**FINRA Case #2011025437302**)

Stephen Samuel Lard (CRD #2448784, Registered Representative, Roseville, California) was named a respondent in a FINRA complaint alleging that he solicited and recommended that a customer invest $1,150,000 in various speculative, high-risk and illiquid private

placements. The complaint alleges that using the greatest financial numbers the customer provided on various member firm forms, the investment constituted approximately 64.6 percent of customer's net worth, excluding primary residence, and 62.1 percent of the customer's net worth of all assets, including residence, minus all debts. The customer's investments resulted in an unsuitable overconcentration of her financial assets. The customer's concentrated position was unsuitable and exposed her to a risk of loss that exceeded her risk tolerance and investment objectives. The customer realized at least $444,322 in losses on her investments in three different private placement securities, two of which were considered Ponzi schemes. The customer has suffered further harm by investing $500,000 of her assets, which she has been unable to liquidate, in two additional private placement securities.

The complaint also alleges that Lard solicited and recommended that a husband and wife invest $750,000 in speculative, high-risk and illiquid private placement securities. Using the greatest financial numbers the couple provided on firm forms, the investment constituted approximately 49.5 percent of the couple's net worth, excluding primary residence, and 49.5 percent of couple's net worth of all assets, including residence, minus all debts. Accordingly, the couple's investments resulted in an unsuitable overconcentration of their financial assets. The couple's concentrated position was unsuitable and exposed them to a risk of loss that exceeded their risk tolerance and investment objectives. The couple has suffered harm by investing $750,000 of their assets in one private placement security, which they have been unable to liquidate due to significant limitations on reselling investment units and redemption rights. (**FINRA Case #2011028430301**)

Daniel Peter Pellicano (CRD #2878027, Registered Principal, Stony Brook, New York), Brian Edward Sanders (CRD #2743309, Registered Principal, Wading River, New York), Nathalo Ian Menendez (CRD #4882003, Registered Representative, East Quogue, New York), Anthony Edward Spagnolo III (CRD #4726651, Registered Representative, Farmingville, New York) were named respondents in a FINRA complaint alleging that Menendez, Pellicano and Spagnolo opened accounts and placed purchases for customers without their authorization. The complaint alleges that Menendez created new account documentation for a customer that contained false, inaccurate and/or baseless information as to the customer's investment experience. Pellicano and Spagnolo created false new account documentation for customers that contained false, inaccurate and/or baseless information as to their risk tolerances, investment objectives, investment experience and/or financial situations. Menendez, Pellicano and Spagnolo caused their member firm to violate Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a(3)(17)(i)(A). The complaint also alleges that Menendez excessively traded a customer's account. Menendez did not discuss all trades with the customer before placing them, and he did not provide enough information about other trades for the customer to understand what was taking place in his account. Menendez excessively traded another customer's account. Menendez did not provide the customer with adequate information to assess the trades, including whether trades were going to be on margin or how much margin would be used with the customer. Menedez's excessive trading was inherently unsuitable.

The complaint further alleges that Sanders was the CCO and manager of a branch office of his firm, and had supervisory responsibility over all business conducted by the firm's representatives, exception reports, customer correspondence and customer complaints. The firm's clearing firm generated reports that identified accounts that met pre-determined criteria, included turnover rates, cost-to-equity and commission-to-equity ratios, commissions and losses. The reports raised significant red flags indicative of possible excessive trading or churning by numerous firm registered representatives. Sanders was unaware of the existence of the reports until FINRA discussed them with him. Even after Sanders learned of the existence of these reports and began to review them, he failed to adequately monitor them and respond to the continuing indicia of excessive trading. Sanders was never concerned that any of the representatives were engaged in excessive trading, never questioned a broker about the level of activity in his accounts, and almost never, if ever, contacted a customer to inquire into the level of trading. Instead, Sanders assumed that the firm's clients were interested in active trading. The firm had an extremely high level of cancelled trades, many of which were designated by the firm as customer reneges, and many of these suspicious cancellations involved the same representatives. Sanders failed to conduct any meaningful inquiry into these cancelled transactions and account openings. Sanders was not concerned that the cancellations were potentially indicative of unauthorized activity, instead assuming that customers were reneging on trades and only contacted customers in what he described as a few instances. The firm's supervisory procedures established certain conditions for placing representatives on heightened supervision. Sanders was responsible for implementing and enforcing the heightened supervision procedures. Sanders failed to place any of these representatives on heightened supervision. In addition, the complaint alleges that as CCO of the firm, Sanders was responsible under the firm's written procedures for maintaining complaint files and complying with the reporting requirements for complaints. Sanders failed to report customer complaints that were not reported as required under NASD Rule 3070(c). The firm entered into settlements of customer complaints, and Sanders also failed to report these settlements under Rule 3070(c). (**FINRA Case #2009016159110**)

Dale Edward Para (CRD #1028917, Registered Principal, North Oxford, Massachusetts) was named a respondent in a FINRA complaint alleging that Para engaged in a deceptive course of conduct in which Para, over a three and one-half year period, repeatedly and intentionally misled a former customer and his father regarding the status of the customer's account and Para's failure to execute over one hundred orders in the account as directed. The complaint alleges that the customer opened an account with Para at his firm and granted his father written power of attorney over the account, pursuant to which the father conducted all of the trading in the account. The complaint alleges that the customer's account sustained significant losses, resulting in the account have a minimal equity value. The complaint also alleges that notwithstanding the losses, the father continued to place orders with Para to conduct trades. At the time of the order, there was insufficient equity in the customer's account to execute the trade. The complaint alleges

that rather than explain that there was insufficient equity in the account to buy the stock, Para, instead, represented that he would execute the order. However, Para never placed the order to buy. The complaint alleges that the father thereafter requested that Para sell the stock and Para agreed to sell the stock out of the customer's account. Para, however, could not place the order to sell because he had never executed the order to buy in the first place. The complaint also alleges that Para repeated this misconduct on more than 100 orders for more than three years. Para never told the father that he had not placed a single trade. Para changed firms twice, and each time he changed firms, Para led the customer and his father to believe that the customer's account was being transferred to those firms. In fact, the customer's account was never transferred to either firm. The complaint further alleges that Para created misleading written reports of purported activity in the customer's account to deceive the father into believing that Para had executed the orders as instructed. From time to time, Para would send these reports to the father to show him the profits and losses that purportedly resulted from the short-term trades. In fact, not one of the trades shown in these reports was ever executed. The complaint further alleges that Para continued his misconduct until his scheme finally unraveled and his misrepresentations were discovered. (**FINRA Case #2013037332701**)

Richard Harvey Peress (CRD #360122, Registered Representative, Cave Creek, Arizona) was named a respondent in a FINRA complaint alleging that he deposited quarterly dividend income checks totaling $11,460.10 into his personal brokerage account that were intended for a former client, and continued to hold those funds for more than 11 years until he repaid the former customer. The complaint alleges that Peress knew or should have known that he was not entitled to the funds from the dividend checks because he did not own stock in the company. Peress knew or should have known that this former client was the rightful owner of the dividend checks, in that, among other things, Peress sold the company's securities to the client, the checks were identified as dividend checks, and the documentation accompanying the checks referenced the client. Peress did not have a reasonable basis to believe he was entitled to the money, justified his receipt of the money by giving conflicting explanations to his member firm about why he was receiving the checks and ignored a number of red flags demonstrating that the money belonged to his former client. The complaint also alleges that Peress continued to hold the funds even after it was clear to him that he was not entitled to the money. Peress finally provided restitution to his former client after FINRA issued a Wells notification and insisted upon repayment. (**FINRA Case #2011030674101**)

Jeffrey Dean Schrader (CRD #3092638, Registered Principal, Philadelphia, Pennsylvania) was named a respondent in a FINRA complaint alleging that he participated in private securities transactions without providing written notice to, or receiving written approval from his member firm. The complaint alleges that the securities that were the subject of the undisclosed transactions were corporate notes issued by a company that was part of a Ponzi scheme perpetrated in part by its senior management. Unbeknownst to Schrader's firm, he received commissions, fees and other remuneration from the issuer of these

securities or the issuer's affiliate in connection with the transactions. Investors purchased the corporate notes based on Schrader's recommendation. Schrader failed to conduct an adequate due diligence investigation of the notes that he recommended and sold to the investors and therefore lacked a reasonable basis to recommend the purchase of the security. After investors complained to Schrader's firm about their purchase, Schrader made false statements to the firm concerning the extent of his involvement in the sales of the notes, as well as the amount of compensation he received from the issuer and its affiliated entities. The complaint also alleges that Schrader provided false information to FINRA during an on-the-record interview concerning both the number of transactions that he was involved in and the amount of selling compensation he actually received. (**FINRA Case #2011029928701**)

Stuart James Siegel (CRD #835515, Registered Representative, Bradenton, Florida) was named a respondent in a FINRA complaint alleging that he was appointed president of a foundation established after the death of one of his customers and opened a brokerage account at his member firm to fund its activities. The complaint alleges that Siegel obtained his firm's permission to serve as president, but firm policies prohibited him from receiving any compensation and from serving as the registered representative for the foundation's brokerage account. Siegel's role included review of grants and donations, and he was responsible for placing trades. Siegel had access to the foundation's checking account, could withdraw funds and had authority to use its debit card. Siegel used the foundation's funds, wrongfully converting more than $76,000, for his personal benefit. Siegel used the funds to repay loans, pay his children's school tuition, and pay personal life insurance policy premiums without informing or seeking permission from foundation officers or board members. After Siegel's firm discovered the conversion, he reimbursed the foundation for the expenditures. (**FINRA Case #2012035272901**)

Gabriel Nelson Smith (CRD #2950071, Registered Representative, Hendersonville, Tennessee) was named a respondent in a FINRA complaint alleging that he presented a customer of his member firm, but not a brokerage client of his, with an opportunity to invest in a short-term municipal bond that would guarantee a 15 percent return. The complaint alleges that based on Smith's representations, the customer gave Smith personal checks totaling $200,000 and all but one of the checks were endorsed by Gabriel N. Smith. Smith gave the customer a personal check for $282,273.51, with a memo written notation "payment for return of money." Smith's check was returned by the bank with the notation "return reason -D- closed account." Instead of investing the funds, Smith deposited the checks into a bank account under his control and thereby converted the funds to his personal use without the customer's knowledge. To date, Smith has failed to repay the customer any of the funds, and the customer has not received any return on his investments. The complaint also alleges that Smith failed to respond to FINRA requests for documents and information concerning allegations that while registered with his firm, he received $200,000 from a customer, failed to invest the funds and to repay the funds to the customer. (**FINRA Case #2012034568401**)

Mark Raymond Talley (CRD #4969783, Registered Representative, Ft. Mitchell, Kentucky) was named a respondent in a FINRA complaint alleging that he recommended that his customer replace an existing variable annuity with a new one and misrepresented orally and in writing that the existing variable annuity was out of the surrender period and therefore, could be sold without incurring a surrender fee when, in fact, the annuity was still in the surrender period and the customer would incur a $15,000 surrender fee if the annuity was sold. The complaint alleges that the customer considered Talley's representation and with that understanding, sold the annuity and purchased a new one. On a switch form, Talley falsely stated he had called a specific phone number and verified that the existing annuity was out of the surrender period and claimed he had obtained this information by speaking to an individual he claimed was an employee of the insurance company that underwrote and issued the annuity. In fact, Talley did not contact the insurance company and the information he placed on the form was false. The customer signed the switch form and Talley submitted it to his firm. The complaint also alleges that Talley provided partial testimony in a FINRA on-the-record interview but failed to appear to complete the testimony in connection with its investigation into a disclosure on Talley's Form U5. Talley also provided false answers to FINRA in response to a request for information issued pursuant to FINRA Rule 8210. (**FINRA Case #2012032650301**)

Firms Expelled for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

Charles Vista LLC (CRD #132650)
Staten Island, New York
(December 11, 2013)
FINRA Case #2009016135901

Allied Beacon Partners, Inc. (CRD #46227)
Richmond, Virginia
(December 19, 2013)
FINRA Case #2011025598801

Allied Beacon Partners, Inc. (CRD #46227)
Richmond, Virginia
(December 30, 2013)
FINRA Case #2010021107801

Northgate Securities Inc. (CRD #21188)
Spring, Texas
(December 19, 2013)
FINRA Case #2011025619001

Firm Cancelled for Failure to Pay Outstanding Arbitration Fees Pursuant to FINRA Rule 9553

Jera Securities, Inc. (CRD #44499)
Los Angeles, California
(December 12, 2013)
FINRA Arbitration Case #13-02467

Firm Cancelled for Failure to Pay Outstanding Fees Pursuant to FINRA Rule 9553

Americus Investment Corp. (CRD #38636)
Atlanta, Georgia
(December 12, 2013)

Firms Cancelled for Failure to Meet Eligibility or Qualification Standards Pursuant to FINRA Rule 9555

Wall and Company Securities, Inc. (CRD #40894)
Frisco, Texas
(December 5, 2013)

Firm Suspended for Failure to Pay Arbitration Fees Pursuant to FINRA Rule 9553

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Golden Beneficial Securities Corporation (CRD #48029)
Houston, Texas
(December 20, 2013)
FINRA Arbitration Case #11-02777

Individuals Barred for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(h)

(If the bar has been vacated, the date follows the bar date.)

Robert William Busch (CRD #1530056)
Lilburn, Georgia
(December 19, 2013)
FINRA Case #2012031378601

Jose A. Carbajal (CRD #2691767)
Downey, California
(December 30, 2013)
FINRA Case #2013037824101

Hugo Alexander Gomez (CRD #2891235)
Bronx, New York
(December 16, 2013)
FINRA Case #2011030293502

Redonda Lawrence Russell (CRD #2352819)
Fort Worth, Texas
(December 2, 2013)
FINRA Case #2013037695301

Ronald Vicente Uy (CRD #4616354)
Jamaica, New York
(December 23, 2013)
FINRA Case #2013036992201

Dennis DaleWaldrep (CRD #1317007)
Seneca, South Carolina
(December 23, 2013)
FINRA Case #2013037843601

Diana C. Waldrep (CRD #5680430)
Mt. Pleasant, South Carolina
(December 2, 2013)
FINRA Case #2013035884101

Individuals Revoked for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

(If the revocation has been rescinded, the date follows the revocation date.)

Dennis Stanley Kaminski (CRD #1013459)
Wellington, Florida
(March 7, 2012 – December 2, 2013)
FINRA Case #EAF0400630001

Darrell Wayne Mikulencak (CRD #2661351)
Washington, Missouri
(December 19, 2013)
FINRA Case #2011026089701

Individuals Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(d)

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Ryan Gordon Alexander (CRD #6116172)
Palmyra, Pennsylvania
(December 2, 2013)
FINRA Case #2013036689401

John Grant Armistead III (CRD #1037854)
Dover, Delaware
(December 2, 2013)
FINRA Case #2013035554001

Nicholas P. Bentivegna (CRD #4636923)
Farmingdale, New York
(December 26, 2013)
FINRA Case #2013036022701

Erika Blair Buchanan (CRD #5446381)
Charleston, West Virginia
(December 16, 2013)
FINRA Case #2013037382501

John Stanley Clabaugh Jr. (CRD #863445)
Lincoln, Nebraska
(December 19, 2013)
FINRA Case #2013037978801

Gaby Delisme (CRD #4533627)
Tampa, Florida
(December 2, 2013)
FINRA Case #2013036799901

Tracey Helaine Crownover (CRD #5097221)
The Colony, Texas
(December 30, 2013)
FINRA Case #2012035281701

Geovanny A. Cuevas (CRD #5039085)
Bronx, New York
(December 30, 2013)
FINRA Case #2012031814301

Lyra Badecao Estrada (CRD #5783007)
Houston, Texas
(December 2, 2013)
FINRA Case #2013036832901

James Anthony Gentile (CRD #1376794)
Westerville, Ohio
(December 2, 2013)
FINRA Case #2013037880001

Carolyn Chambers Kaufman (CRD #852490)
Hudson, Ohio
(December 20, 2013)
FINRA Case #2013037147601

Alex Christopher Klein (CRD #5952512)
Los Angeles, California
(December 2, 2013)
FINRA Case #2013036807801

Joseph Anthony Lombardo (CRD #1453769)
Gates Mills, Ohio
(December 16, 2013)
FINRA Case #2013036826601

Stephen John Lykke (CRD #5044288)
Sunnyvale, California
(December 30, 2013)
FINRA Case #2013037434901

Alexandra A. McGee (CRD #6123919)
Des Moines, Iowa
(December 12, 2013)
FINRA Case #2013038282301

Ekaterina Mestre (CRD #5747882)
Miami, Florida
(December 2, 2013 – December 18, 2013)
FINRA Case #2012035157201

Adam Nicholas Nussbaum (CRD #6041358)
Arlington, Virginia
(December 2, 2013)
FINRA Case #2013036796701

Mark Alan Partin (CRD #4426958)
London, Great Britain
(December 12, 2013)
FINRA Case #2013036419501

Reginald Fitzgerald Pincheon (CRD #4799080)
Murfreesboro, Tennessee
(December 23, 2013)
FINRA Case #2013038950401

Alec J. Rivera (CRD #5514922)
Chicago, Illinois
(December 6, 2013)
FINRA Case #2013038531701

Gary David Rowcliffe (CRD #1021441)
Knoxville, Tennessee
(December 16, 2013)
FINRA Case #2012034111801

Juan Manuel Saenz Jr. (CRD #6097401)
San Antonio, Texas
(December 30, 2013)
FINRA Case #2013037881301

Eric Alan Schwartz (CRD #2377803)
Wantagh, New York
(December 2, 2013)
FINRA Case #2013037131501

Alejandro Pablo Senorino (CRD #5167762)
Norwalk, Connecticut
(December 2, 2013)
FINRA Case #2013037044901

Sagy Shachar (CRD #4673543)
Staten Island, New York
(December 20, 2013)
FINRA Case #2012033737001

Laurence Mitchell Simon (CRD #424556)
Stamford, Connecticut
(December 9, 2013)
FINRA Case #2013036755401

Stanley Marquis Steppes (CRD #4158988)
Kalamazoo, Michigan
(December 2, 2013 – December 27, 2013)
FINRA Case #2013036661401

Justin David Thornley (CRD #6086190)
San Jose, California
(December 9, 2013)
FINRA Case #2012034186401

Gregory Benton Walsh (CRD #4175278)
Tucson, Arizona
(December 26, 2013)
FINRA Case #2013038748401

Dashon Willis (CRD #5551134)
Brooklyn, New York
(December 30, 2013)
FINRA Case #2013038103401

Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement Pursuant to FINRA Rule 9554

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

David Steven Anderson (CRD #4933936)
Mound, Minnesota
(December 17, 2013)
FINRA Arbitration Case #12-03585

Joseph George Bardzilowski (CRD #2105950)
Princeton, New Jersey
(December 17, 2013)
FINRA Arbitration Case #12-01804

David Eugene Bearden (CRD #4041989)
Menlo Park, California
(December 18, 2013)
FINRA Arbitration Case #12-02838

Jonathan William Benham (CRD #2283257)
Naples, Florida
(October 31, 2011 – December 20, 2013)
FINRA Arbitration Case #11-01345

Kasemsante Guevara Boonswang (CRD #4213734)
Riverdale, New York
(December 19, 2013)
FINRA Arbitration Case #11-04480

Joseph Craig Buchanan (CRD #5450460)
Thousand Oaks, California
(December 20, 2013)
FINRA Arbitration Case #12-01386

Michael James Byl (CRD #1204677)
New York, New York
(December 18, 2013)
FINRA Arbitration Case #09-06667

James Clyde Hansberger Jr. (CRD #2968620)
Charlotte, North Carolina
(December 19, 2013)
FINRA Arbitration Case #12-03981

Mitchell I. Holeve (CRD #2579937)
Cooper City, Florida
(December 20, 2013)
FINRA Arbitration Case #10-04291

Robert Leland Johnson IV (CRD #4159549)
Chino, California
(December 20, 2013)
FINRA Arbitration Case #12-03569

Leopold Thomas Monaco (CRD #2408497)
Eugene, Oregon
(December 18, 2013)
FINRA Arbitration Case #10-04448

Michael Todd Moore (CRD #2552812)
Sunny Isle Beach, Florida
(December 4, 2013)
FINRA Arbitration Case #13-00493

Waldyr Silva Prado (CRD #3170209)
Miami, Florida
(December 19, 2013)
FINRA Arbitration Case #12-04237

James Michael Rapuano Jr. (CRD #4900969)
Branford, Connecticut
(December 17, 2013)
FINRA Arbitration Case #10-02089

Richard Lawrence Rosen (CRD #820157)
Boca Raton, Florida
(December 19, 2013)
FINRA Arbitration Case #12-03581

Anthony John Salino (CRD #2162704)
New Fairfield, Connecticut
(December 20, 2013)
FINRA Arbitration Case #10-00417

Julie Lynn Sheppard (CRD #1131882)
Coconut Grove, Florida
(December 18, 2013)
FINRA Arbitration Case #12-01767

Robert Henry Van Zandt (CRD #453496)
Bronx, New York
(December 17, 2013)
FINRA Arbitration Case #12-03920

FINRA Bars Two Brokers for Stealing $300,000 From Elderly Widow With Diminished Mental Capacity

The Financial Industry Regulatory Authority (FINRA) has barred brokers **Fernando L. Arevalo** and **Jimmy E. Caballero** from the securities industry for wrongfully converting approximately $300,000 from an elderly widow with diminished mental capacity, and for failing to fully cooperate with FINRA's investigation. Arevalo and Caballero's misconduct occurred while employed as brokers with JPMorgan Chase Securities, LLC. Although JPMorgan was not a party to this action, it reimbursed the elderly customer for the money Caballero and Arevalo converted.

Susan Axelrod, Executive Vice President of Regulatory Operations, said, "One of FINRA's top priorities is to protect senior investors. We will continue to aggressively pursue and rid the industry of brazen brokers who take advantage of vulnerable customers."

FINRA's investigation found that the elderly customer maintained accounts at JPMorgan and a related bank affiliate. Between April and July 2013, the customer deposited approximately $300,000 in proceeds from the sale of two annuities into a bank account Arevalo had opened for her. The funds were then withdrawn from the account via two cashier's checks, and on the same day, Caballero deposited the money into a joint account he opened in his name and the customer's name at a different bank. When the bank questioned the deposits and required further confirmation before clearing the deposits, Arevalo picked up and drove the customer to the bank to confirm the source of the funds. Funds from the account were then depleted through numerous checks payable to Arevalo, and Caballero and Arevalo used the account debit card for personal expenses including payments on a real estate loan, car loan and various retail purchases. The customer was unaware of any withdrawals or purchases against the joint account by Arevalo or Caballero, and did not authorize the transactions.

In addition, Arevalo failed to provide testimony to FINRA. Although Caballero initially provided testimony to FINRA, he subsequently refused to provide additional information that was relevant to the investigation.

In concluding these settlements, Caballero and Arevalo neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA's investigation was conducted by the Office of Fraud Detection and Market Intelligence and the Department of Enforcement.

FINRA Orders J.P. Turner to Pay More Than $700,000 in Restitution for Unsuitable Sales of Leveraged and Inverse ETFs and for Excessive Mutual Fund Switching

The Financial Industry Regulatory Authority (FINRA) has ordered Atlanta-based broker-dealer J.P. Turner & Company, L.L.C. to pay $707,559 in restitution to 84 customers for sales of unsuitable leveraged and inverse exchange-traded funds (ETFs) and for excessive mutual fund switches.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "Securities firms and their registered reps must understand the complex products they are selling and the risks inherent to the products, and be able to determine if they are suitable for investors before recommending them to retail customers. Firms also have a fundamental obligation to monitor conservative investments such as mutual funds to ensure that investors are not abused by excessive trading."

Leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis so their performance can quickly diverge from the performance of the underlying index or benchmark. It is possible that investors could suffer significant losses even if the long-term performance of the index showed a gain. This effect can be magnified in volatile markets.

FINRA found that J.P. Turner failed to establish and maintain a reasonable supervisory system and instead, supervised leveraged and inverse ETFs in the same manner that it supervised traditional ETFs. The firm also failed to provide adequate training regarding these ETFs. In addition, J.P. Turner allowed its registered representatives to recommend these complex ETFs without performing reasonable diligence to understand the risks and features associated with the products. As a result, many J.P. Turner customers held leveraged and inverse ETFs for several months. J.P. Turner also failed to determine whether the ETFs were suitable for at least 27 customers, including retirees and conservative customers, who sustained collective net losses of more than $200,000.

In addition, J.P. Turner engaged in a pattern of unsuitable mutual fund switching. Mutual fund shares are typically suitable as long-term investments and are not proper vehicles for short-term trading because of the transaction fees and commissions incurred from repeated buying and selling of mutual fund shares. J.P. Turner failed to establish and maintain a reasonable supervisory system designed to prevent unsuitable mutual fund switching and lacked sufficient procedures to adequately monitor for trends or patterns involving mutual fund switches. During the relevant period, despite the presence of several red flags, J.P. Turner failed to reject any of the more than 2,800 mutual fund switches that appeared on the firm's switch exception reports. As a result, 66 customers paid commissions and sales charges of more than $500,000 in unsuitable mutual fund switches.

In settling **this matter**, J.P. Turner neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA's investigation was conducted by the departments of Enforcement and Member Regulation.

FINRA Fines Oppenheimer $675,000 and Orders Restitution of More Than $246,000 for Charging Unfair Prices in Municipal Securities Transactions and for Supervisory Violations

Head trader fined and suspended

The Financial Industry Regulatory Authority (FINRA) announced that it has fined Oppenheimer & Co., Inc. $675,000 for charging unfair prices in municipal securities transactions and for failing to have an adequate supervisory system. FINRA also ordered Oppenheimer to pay more than $246,000 in restitution, plus interest, to customers who were charged unfair prices. In addition, FINRA fined Oppenheimer's head municipal securities trader, David Sirianni, $100,000, and suspended him for 60 days.

Thomas Gira, FINRA Executive Vice President and Head of Market Regulation, said, "FINRA has no tolerance for firms or individuals who charge customers excessive markups. Oppenheimer charged customers unfair prices in numerous municipal securities transactions and failed to properly supervise municipal securities transactions with its customers."

FINRA found that from July 1, 2008, through June 30, 2009, Oppenheimer, through Sirianni, priced 89 customer transactions from 5.01 percent to 15.57 percent above the firm's contemporaneous cost. In 54 of those transactions, the markups exceeded 9.4 percent. Sirianni purchased municipal securities from a broker-dealer on Oppenheimer's behalf, held the bonds in inventory for at least overnight, and then made the bonds available for resale at an unfair price to the firm's customers. Sirianni was responsible for determining the prices paid by customers in the 89 transactions.

Oppenheimer failed to detect the unfair prices charged. Oppenheimer's supervisory system was deficient because supervisory personnel relied solely on a surveillance report that only captured intra-day transactions to review the fairness of markups/markdowns in municipal securities transactions. From at least 2005 through June 30, 2009, if an Oppenheimer trader purchased municipal securities and held those securities in inventory for a day or longer, the subsequent sales to customers would not populate the firm's surveillance report or be subjected to a fair pricing review.

In concluding this settlement, Oppenheimer and Sirianni neither admitted nor denied the charges, but consented to the entry of FINRA's findings. Sirianni's suspension is in effect from January 6, 2014, through March 6, 2014.

FINRA Fines COR Clearing LLC $1 Million for Extensive Regulatory Failures

Anti-Money Laundering, Financial Reporting and Supervisory Responsibilities Neglected Over Four-Year Period

The Financial Industry Regulatory Authority (FINRA) announced that it has fined COR Clearing LLC (formerly Legent Clearing LLC), of Omaha, Nebraska, $1 million for numerous failures to comply with anti-money laundering (AML), financial reporting and supervisory obligations. COR is also ordered to retain an independent consultant to conduct a comprehensive review of its relevant policies, systems, procedures and training; to submit proposed new clearing agreements to FINRA for approval while the consultant conducts its review; and for one year, submit certifications from its Chief Executive Officer and Chief Financial Officer stating that each has reviewed the firm's customer reserve and net capital computations for accuracy prior to submission.

The violations were identified during multiple examinations of the firm during 2009 to 2013, and included numerous repetitive violations from year to year. This settlement resolves charges brought in an April 2012 FINRA complaint and additional violations discovered by FINRA during more recent examinations of the firm.

Brad Bennett, Executive Vice President and Chief of Enforcement, said, "COR's history of multiple violations in these key compliance areas resulted from its weak culture of compliance. This is particularly troubling given the amount of deposits and sales of low-priced securities through COR's introducing firms—a major area of concern for FINRA. Because COR is a clearing firm, its role as a gatekeeper to the securities markets makes it imperative that the firm meet its critical supervisory and internal control obligations."

COR provides clearing services for approximately 86 correspondent firms through fully disclosed clearing arrangements. As a clearing firm, COR performs order processing, settlement and recordkeeping functions for introducing broker-dealers that do not maintain back-office facilities to perform these functions. It services introducing firms with significant numbers of accounts, conducting activity in low-priced securities, as well as third-party wire activity. In its 2013 examination letter, FINRA identified microcap fraud and anti-money laundering compliance as regulatory priorities that it would focus on throughout the year because of the risk they pose to investor protection and market integrity. FINRA specified the importance that firms monitor customer accounts liquidating microcap and low-priced OTC securities to ensure, among other things, that the firm is not facilitating, enabling or participating in an unregistered distribution.

FINRA found that COR's AML surveillance program did not reasonably address the risks of its business model. These types of accounts present a higher risk of money laundering and other fraudulent activity. In addition, many of these correspondent firms had been the subject of past disciplinary action for AML-related rule violations. Notwithstanding the heightened AML risk, FINRA found that COR's surveillance program failed to identify "red flags" related to its correspondent firms and transactions by their customers.

Specifically, FINRA found that for several months in 2012, COR's AML surveillance system suffered a near-complete collapse, resulting in the firm's failure to conduct any systematic reviews to identify and investigate suspicious activity. FINRA also found that in 2009, COR implemented a "Defensive SARS" program, which the firm used to file suspicious activity reports without first completing the investigation necessary to support filing the report.

FINRA also found that COR made numerous financial reporting errors over the four-year period, including repeatedly making erroneous customer reserve and net capital computations, and filing inaccurate FOCUS reports with FINRA. In addition, FINRA found that COR had committed an extensive list of supervisory violations, including failing to establish adequate supervisory systems relating to Regulation SHO, the outsourcing of back-office functions, and the firm's funding and liquidity. Finally, FINRA found that COR failed to retain and review emails of one of its executives and failed to ensure that its president was properly registered as a principal.

In concluding **this settlement**, COR neither admitted nor denied the charges, but **consented** to the entry of FINRA's findings.

FINRA Fines Deutsche Bank Securities, Inc. $6.5 Million for Serious Financial and Operational Deficiencies

The Financial Industry Regulatory Authority (FINRA) announced that it has fined Deutsche Bank Securities, Inc. (DBSI) $6.5 million and censured the firm for serious financial and operational deficiencies primarily related to its enhanced lending program. The violations, which were originally identified during a 2009 examination, included lack of transparency in the firm's financial records and inaccurate calculations resulting in overstated capitalization and inadequate customer reserves.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "First and foremost, a brokerage firm must ensure that its customer assets are protected. DBSI's financial accounting lacked the transparency and accuracy necessary to enable FINRA to oversee the firm and to protect customer assets."

Under DBSI's enhanced lending program, which involves mostly hedge fund customers, the firm arranges for its London affiliate, Deutsche Bank AG London (DBL), to lend cash and securities to DBSI's customers. FINRA's 2009 examination of the firm uncovered a number of serious problems in connection with this program. For example, the firm's books reflected that it owed $9.4 billion to its affiliate, but neither the firm nor FINRA examiners could readily determine which portions of that debt were attributable to the customers' enhanced lending activity, and which were attributable to DBL's own proprietary trading. The lack of transparency in DBSI's books and records meant the firm was unable to readily monitor the accounts originating out of the enhanced lending business.

FINRA also found that there were instances where DBSI made inaccurate calculations that resulted in the firm overstating its capital or failing to set aside enough funds in its customer reserve account to appropriately protect customer securities. For example, DBSI incorrectly classified certain enhanced lending stock loans; when it reclassified them in April 2010, DBL was obligated to pay a margin call of $3.1 billion. DBSI improperly computed its payable balance, thus reducing the firm's reported liabilities and inaccurately overstating the firm's net capital. Separately, in March 2010, the firm incorrectly computed its customer reserve formula. As a result, the firm's customer reserve fund was deficient by $700 million to $1.6 billion during March 2010.

In settling **this matter**, DBSI neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Fines Barclays $3.75 Million for Systemic Record and Email Retention Failures

The Financial Industry Regulatory Authority (FINRA) announced that it fined Barclays Capital Inc. $3.75 million for systemic failures to preserve electronic records and certain emails and instant messages in the manner required for a period of at least 10 years.

Federal securities laws and FINRA rules require that business-related electronic records be kept in non-rewritable, non-erasable format (also referred to as "Write-Once, Read-Many" or "WORM" format) to prevent alteration. The Securities and Exchange Commission has stated that these requirements are an essential part of the investor protection function because a firm's books and records are the "primary means of monitoring compliance with applicable securities laws, including antifraud provisions and financial responsibility standards."

FINRA found that from at least 2002 to 2012, Barclays failed to preserve many of its required electronic books and records—including order and trade ticket data, trade confirmations, blotters, account records and other similar records—in WORM format. The issues were widespread and included all of the firm's business areas, thus, Barclays was unable to determine whether all of its electronic books and records were maintained in an unaltered condition.

Brad Bennett, Executive Vice President and Chief of Enforcement, said, "Ensuring the integrity, accuracy and accessibility of electronic books and records is essential to a firm's ability to meet its compliance obligations. The format errors in this case made it nearly impossible for Barclays to verify that these key materials remained in an unaltered condition."

FINRA also found that from May 2007 to May 2010, Barclays failed to properly retain certain attachments to Bloomberg emails, and additionally failed to properly retain approximately 3.3 million Bloomberg instant messages from October 2008 to May 2010. In addition to violating FINRA, SEC and NASD rules and regulations, this adversely impacted Barclay's ability to respond to requests for electronic communications in regulatory and civil matters.

Finally, Barclays failed to establish and maintain an adequate system and written procedures reasonably designed to achieve compliance with SEC, NASD, and FINRA rules and regulations, as well as to timely detect and remedy deficiencies related to those requirements.

In concluding **this settlement**, Barclays neither admitted nor denied the charges, but consented to the entry of FINRA's findings.